FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Israel under attack by U.S.

e U.S. was "deeply disturbed" Israel's decision to extend its settlements on the West Bank, Secretary of State Cyrus Vance said. President Carter has also pressed his concern to Prime Minister Begin.

President Carter sought at Camp David to get a moratorium on the settlements issue and the latest Israeli move appears to threaten the new round of treaty talks in Washington.

Israel's negotiating team has arrived in the U.S. but President Sadat of Egypt may recall his delegation for consultations.

Meanwhile, Syria and Iraq agreed to end a decade of hostility by signing a "charter for joint national action." Back and Page 4

amily shot dead

husband, his wife and son were shot dead by a gunman at their council house in West Bromwich, alls. The couple's daughter is reported seriously injured.

ledia ministry

Commons select committee wants a Ministry of Broadcasting be established, with responsibility for radio, television and ecommunications.

The BBC could be bankrupt by next spring with a deficit of ...m unless licence fees are ...sed, according to Alasdair Milne, BBC managing director. Irish Republic TV licenses will increase by nearly 20 per cent on December 1. The new charge for a colour licence will be £38 and black and white £23. Page 5

Monza axed

Monza, the world-famous grand prix circuit where Ronnie Peterson was killed last month, has been struck off next year's racing calendar. The Dino Ferrari circuit at Imola will host the Italian grand prix for the next three years.

Butter bonus

The UK price of butter is to be reduced by 6p a pound, probably from the middle of next month, after a recommendation from the EEC Commission. Page 5

Berlin M-way

East and West Germany are on the verge of an agreement to build the first autobahn since the second world war linking the two countries. It will run from West Berlin to Hamburg through 125 miles of East Germany.

Cruise ship fine

Fines totalling £300 were imposed on the master of the Russian cruise ship Litva at Gravesend, Kent, for breaches of health regulations. There were five cases of typhoid among the passengers but these could not be linked to the ship.

Hypnosis aid

Hypnotism being used in the hunt for missing Devon schoolgirl Genette Tate, who vanished ... days ago. Police said a woman and her daughter had given vital information about a car and its driver under hypnosis.

Death and taxes

Pakistan's former Prime Minister Zulfikar Ali Bhutto, under sentence of death, has been served with notice that he must answer income tax queries relating to the past five years.

Briefly . . .

Talks between TUC general secretary Len Murray and hospital dispute unions will resume today.

Three American soldiers on charges including murder and theft of explosives, escaped from a military stockade at Heidelberg.

Typhoon Rita was heading for Manila, the Philippines capital.

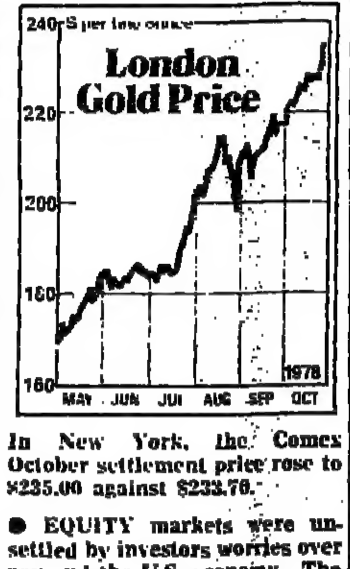
Navy pilot whose helicopter hit a destroyer with Princess Alexandra aboard was dismissed his ship at a court martial.

Premier Dom Mintoff of Malta accepted "substantial damages" in settlement of his libel action against the Daily Mail.

BUSINESS

Gold at new high; Wall St. down 9

● GOLD rose to a record close of $235¼ in London, after touching $235¾ during the afternoon.



In New York, the Comex October settlement price rose to $235.00 against $233.70.

● EQUITY markets were unsettled by investors worries over pay and the U.S. economy. The FT ordinary index closed 5.3 lower at 484.4 after a fall of 8.5 at 3 pm.

● GILTS traded in thin conditions. The Government Securities index closed 0.22 off at 69.36.

● STERLING rose 4.65 cents to $2.0700 and its trade-weighted index rose to 63.0 (62.2). The dollar's depreciation widened to a record 12.5 per cent (11.9).

● WALL STREET continued its steep decline with a fall of 9.09 to 821.12. Steady upward movement in interest rates weighed on the stock market as the Fed indicated that it target rate on Federal funds had risen to 9¼ per cent. M1 fell $100m to $364.1bn and M2 was down $300m to $869.1bn.

● SIX MONTH Eurodollar rate rose sharply with the offered rate moving up from 11 per cent to 11⅝ per cent Page 23

● HONG KONG Exchange Banks Association is to raise its prime rate by 1.25 per cent to 7.25 per cent from Monday. Page 25

● MR. HEALEY has outlined to the Cabinet the limited progress made so far on European Monetary System, and the Cabinet has deferred for one month detailed discussion on UK entry. Back Page

● UK ENERGY consumption has risen only marginally this year and is still below the peak level reached in 1973, according to Department of Energy figures. Page 5

● FIRE DAMAGE costs last month rose to £30.8m, according to British Insurance Association figures. This figure has only been exceeded on four occasions in the past five years—in months which included the Flixborough disaster and the firemen's strike. Page 6

● BEECHAM GROUP has signed a provisional agreement with the U.S. Government on pricing and marketing rights of semi-synthetic penicillins, including the group's biggest selling drug amoxycillin. Back Page

● AUSTIN AND PICKERSGILL has won a £10m order for two cargo ships for the Royal Nepal Shipping company and the signing of the contract for a similar ship will be announced soon. Page 5

● MOTOROLA, the U.S. electronics company, is at an advanced stage of negotiations with several European car manufacturers for the supply of computerised engine controls. Back and Page 18

COMPANIES

● MINET HOLDINGS pretax profits rose 16 per cent to £8.42m for the half year to June 30, and directors predict a satisfactory growth rate for the year. Page 20 and Lex.

● HITACHI reports first-half pre-tax profit to September 31 up 18.6 per cent to Y17.8bn from Y15.04bn on sales 6.5 per cent up at Y752.9bn. Page 25

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISE

Prince of Wales Hotels	82	+ 7

FALLS

Excheq. 12pc '99-02 ...	£95	− ¼
Allied Retailers	96	− 6
Babcock and Wilcox	137	− 6
Beecham	660	− 13
Boot (H.)	120	− 18
Border Breweries ...	82	− 6
Brown (J.)	428	− 10
Brown and Jackson...	268	− 12
Cement-Roadstone ...	97	− 5
De La Rue	420	− 13
Haslemere Estates ...	242	− 6
HK and Shanghai Bk.	279	− 17
Hopkinsons Hldgs. ...	106	− 6
Hunting Asscd.	285	− 25
ICI	380	− 5
Petbow	92	− 6
Pilkington Bros.	297	− 11
Racal Elect.	317	− 9
Stock Conversion ...	280	− 8
Time Products (new)	29†	− 3
Siebens (UK)	274	− 26
Afrikander Lease ...	210	− 40
CRA	243	− 21
Cons. Murch.	215	− 15
De Beers Dfd.	356	− 8
MIM Hldgs.	180	− 10
Pancontinental	825	− 100
Peko-Wallsend ...	446	− 14

† Premium

Boost for pound as slide in dollar continues

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The slide in the dollar continued yesterday with no sign of any reversal in the foreign exchange market's almost complete lack of confidence in U.S. economic and monetary policy.

For the second day running *the dollar fell sharply against* most other major currencies in occasionally hectic trading, and new *lows for the U.S. currency* were again widely reported.

Demand switched in particular to sterling, which closed at $2.07 for a rise of $6¼ cents in the two days since President Carter's anti-inflation statement.

The pound had opened quietly against the dollar yesterday after its sharp rise to $2.05 in late *trading in New York on Wednesday* evening, but it made further gains in the afternoon, rising to a peak of $2.0712½.

The pound also strengthened against some of the stronger Continental currencies, in contrast to its *weakness earlier this* month against, for example, the D-mark. Consequently, the trade-weighted index jumped 0.8 points to 63.0.

The recent sharp rise in the external value of the pound, if it is sustained, will help directly to moderate the rate of price inflation by reducing the sterling cost of the many imported commodities, such as oil, which are priced in dollars.

There have been fears in the City that the renewed demand for sterling would lead to substantial inflows, boosting the money supply. But while the official reserve figures for October, due to be published next Thursday, probably will show some underlying inflow, the extent of the rise may not be as large as the market has been expecting.

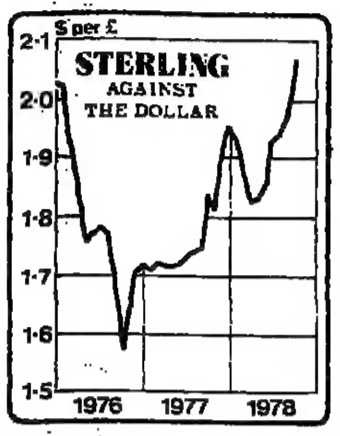
This is in contrast to other European central banks which have been intervening on a very large scale to try to check the appreciation in their currencies against the dollar.

Support by the Bank of Japan was apparently smaller than the record level on Wednesday as trading was quieter. But the Swiss National Bank and the West German Bundesbank each bought well over $100m during the day.

The central banks appear largely to have withdrawn from the market after the European close and the dollar then fell sharply after a small decline in earlier trading on the Continent.

The U.S. currency fell to a new low of DM 1.7575 at one stage before closing at DM 1.7600. This compares with a previous European close of DM 1.7815 and DM 1.7720 in New York late on Wednesday.

The dollar touched Y178 at one stage in Tokyo before closing at Y178.30 compared with Y179.50 on the previous day in Europe.



The Swiss National Bank continued to hold the dollar above SwFr 1.50 and the closing rate of SwFr 1.5062½ compares with SwFr 1.5125 on Wednesday.

This continues the pattern of the last week, during which the Swiss franc has risen by only 1.6 per cent against the dollar while the Japanese yen has appreciated by 2.8 per cent and the D-mark has jumped by 4.2 per cent.

The dollar's weakness had its by now usual impact on the London bullion market as the price of gold jumped by $4¾ an ounce on the day to a new closing high of $235¼ after touching $235¾.

Editorial comment, Page 18
Money markets, Page 26

Peat Marwick may face DM34.5m claim on advice

BY MICHAEL LAFFERTY

PEAT MARWICK MITCHELL, the international accounting firm, has lost its appeal against a DM 5m (£1.4m) damages award in the German Appeal Court for negligent advice. The firm may now be sued for a further DM 29.5m (£8¼m) or more, in respect of services which it provided to an associate of UDS, the UK stores group, more than 3½ years ago.

A total claim of more than DM 34.5m would be easily the largest suit against a European accounting firm in recent years.

Peat Marwick said yesterday that it still denied the whole claim. The court's judgment "was of major significance to all public accounting firms" and it will seek leave to appeal against the decision to the Supreme Court of Germany.

The case concerns the acquisition, in February, 1975, of Bieberhaus, a Frankfurt department store business, by the Mobel Hubner Group, in which UDS has a 50 per cent stake. By August, 1975, UDS says there was reason to believe that certain fundamental information provided by Peats to Mobel Hubner was incorrect. A subsequent audit showed that pre-acquisition losses were "substantially higher than those previously reported" by Peats. After further losses, the store was closed in March, 1976.

The German Appeal Court's decision was announced on Wednesday, but the full judgment is not expected until next week. Already, however, there is a dispute between Peat Marwick and UDS as to what the decision means.

According to Peat Marwick, the court has taken account of all the alleged losses suffered by Mobel Hubner in making this award—in effect apportioning responsibility for only 15 per cent of the total alleged loss to Peats.

But Mr. Ivor Connick, a UDS director, said last night: "I am advised that Peat Marwick has placed a completely wrong construction on the court's judgment. What the court may have said *obiter dicta* is wholly irrelevant to any further claim we may have."

According to Mr. Connick, the Hubner group restricted its initial damages claim to DM 5m, as was customary in Germany, to test whether it had a case. It had always been the intention to proceed with a further claim once this one was settled. However, a final decision will not be taken until the court's written judgment is received.

A brief court statement said that Peat Marwick "had promised to deliver reliable numbers and should, therefore, not have emphatically recommended the acquisition of Bieberhaus without pointing out the significant lack of reliability of the numbers presented.

"On the other hand, the Appeal Court has determined such a high degree of contributory negligence by the plaintiff that the latter — measured against the total damages — cannot be awarded damages in excess of DM 5m."

Mr. Graham Corbett, managing partner of the Continental European PMM partnership, said: "I find the greatest possible difficulty in reconciling the court's argument with its decision."

He said that Peats had been doing no more than "trying to provide Mobel, Hubner with normal, helpful advice. Yet, when the thing went wrong, we get hounded with a DM 5m bill. No one was prepared to give us more if it came right."

Japan delays One-Eleven choice

BY CHARLES SMITH TOKYO, Oct. 26.

BRITAIN'S CHANCES of selling some £140m worth of short-haul aircraft to Japan have almost vanished—at least for the next two years—following a decision by Toa Domestic Airlines to postpone any purchase.

The decision, announced by Mr. Isamu Tanaka, Toa president, means that there is no chance of the airline placing an order for short-haul aircraft for at least two years and probably for three. Up to now British Aerospace and the Dutch-German Fokker-VFW company, the two main contenders for the short-haul order, had been expecting a decision this autumn.

The reason given for the postponement is that none of the candidates to replace the Japanese YS-11 aircraft, now in use on Toa's short-distance routes, satisfies the airline's noise requirements.

Toa has specified that the new aircraft should be no more noisy "under normal operating conditions" than the turbo-prop YS-11. This has proved a difficult requirement to satisfy, given that the replacement candidates are jet aircraft, and in view of Toa's other stringent performance requirements—such as ability to operate from a 1,200-yard runway and to cover a 1,000-mile range.

British Aerospace, which spent £13m developing a special version of the One-Eleven to suit Toa's needs, claims that its aircraft is no noisier than the YS-11 at take-off if standard "cutback" procedures are used by pilots.

The One-Eleven's main competitor for the Toa short-haul order was an extended version of the Fokker F-28, the F-28 6600, but a prototype has yet to be built.

A third contender, a proposed new version of the Douglas DC-9, is only on the drawing board.

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FEATURES

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Average executive 'is 8% better off'

By Jason Crisp

THE AVERAGE U.K. executive's salary rose by just over 8 per cent in real terms in the year up to last July, and he is more likely to be receiving fringe benefits than he was a year ago.

There is also evidence that the trend of eroding differentials has been arrested, according to the 17th annual salary survey published yesterday by Inbucon, the management consultancy. For the first time, higher levels of management received larger percentage increases in salary than middle management.

For instance, the first three ranks below managing director all received salary increases of 16 per cent, compared with a 7.8 per cent rise in the retail price index, says the survey, while the two ranks below that, with average salaries of about £6,300 and £5,600, obtained only a 13 per cent increase.

"Probably it reflects a realisation that those in higher jobs have suffered most in the pay policy," says the survey.

The survey found that the average executive earned £7,680 gross (£5,770 net of tax) in July 1977. A year later, this had risen to £8,870 gross (£6,745 net), 16 per cent up gross and 17 per cent more after tax, aided by changes in tax rates.

The "average executive," is defined by the survey as aged 44, has been in his present company 13 years and in the same position for five. He has a company car, four weeks' holiday a year and is covered by a contributory pension scheme into which he pays between 5 and 7.5 per cent of basic salary.

Although executives' living standards have risen sharply over the past year, the executives are still worse off than they were in 1974, says Mr. Nigel Bryant, manager of Inbucon's salary research unit.

"Between 1974 and 1978, executives' average net salaries after tax rose 69 per cent, but this was insufficient to match the rise in retail prices of 81 per cent.

"To achieve that, executives would have needed a net after-tax figure of £7,240. Instead they earned £6,745, a shortfall of £495 or a loss in real terms of 7 per cent," he said.

Inbucon said the 16 per cent rise in managers' salaries did not mean they had broken the Phase Three—10 per cent—guidelines but that greater flexibility had been used within the "kitty" principle.

Other factors included: self-funding incremental scales, pay-

Continued on Back Page

£ in New York

—	Oct. 26	Previous
Spot	[illegible]	[illegible]
1 month	[illegible]	[illegible]
3 months	[illegible]	[illegible]
12 months	[illegible]	[illegible]

New Vauxhall offer may breach 5%

BY PHILIP BASSETT, LABOUR STAFF

VAUXHALL MOTORS yesterday put an improved pay offer, believed to be in excess of the Government's 5 per cent pay guideline, to its 26,000 manual workers.

It is not yet known—whether the offer will be enough to stave off a strike by 8,000 workers at the company's Ellesmere Port plant, due to start on November 1.

The traditionally militant Ellesmere Port workers are determined to go ahead with the strike, which could severely affect all the company's vehicle-making operations, unless they are satisfied by the new offer. Talks will resume today.

Senior union negotiators yesterday confirmed that the offer had been "marginally" increased. The new offer may be in breach of the Government pay guidelines, since the company's first offer, according to Mr. Geoffrey Moore, personnel director, ranged between 4.2 and 4.95 per cent.

Mr. Moore reaffirmed yesterday that pay guidelines had not influenced negotiations. Increases in pay and productivity were both discussed in the negotiations at a hotel in Rugeley, Staffs.

Mr. Moore agreed that the productivity payments, which the union side had refused to discuss before yesterday's talks, could potentially be as large as the basic offer. Senior union officials have said that the productivity payments could yield up to £14 a week.

The trade union side was pressing for a substantial increase in the offer, though the rejection earlier this week by 13,000 workers at the company's plants at Luton and Dunstable of their call to strike over the company's first offer considerably weakened their bargaining position and spurred them to discuss productivity.

The company is keen to reach agreement on a productivity scheme to improve its own trading position.

In the negotiations the company had to balance improving its offer on pay to satisfy the majority of its workers, and particularly those at Ellesmere Port, and improving its offer of a new craft rate to appease its skilled workers, who will be considering industrial action over their pay at a meeting next week.

A delegation from Ellesmere Port lobbied the negotiations and management and union representatives were jostled and shouted at.

● Ford Motor, which has already put an 8 per cent offer to its 57,000 striking manual workers in a clear breach of Phase 4, is expected to increase its offer today to possibly more than double the Government's guideline.

● Manual workers at BL Cars' Austin-Morris plant at Cowley yesterday set a seven-day deadline for the company to make a formal response to their 30 per cent pay claim. A mass meeting of the workforce was told that no positive offer had been made during three sets of talks.

Healey dims hopes of pay agreement

BY CHRISTIAN TYLER, LABOUR EDITOR

MR. DENIS HEALEY, Chancellor of the Exchequer, yesterday dampened expectations of an agreement with the TUC on prices and pay when he told the Cabinet that his talks had not yet produced any practical alternative to the Phase Four 5 per cent limit.

He said no single idea had emerged on which any great hopes of a solution could be pinned.

It emerged at the same time that if the TUC does produce some satisfactory response the Government may well be prepared to abolish the profit margin safeguards in the price controls.

This would require a short Bill, and is being advanced in Whitehall as the best way of proving Government determination to act on prices.

The safeguards protect a company's profits from erosion both during and after a Price Commission investigation. So long as they exist, the Commission's powers to freeze prices are limited.

Ideally the Government would like to obtain the CBI's co-operation. But the Confederation, which only succeeded in getting safeguards written into the price control legislation at the last minute, would bitterly resist any move to abolish them now, as it made clear yesterday, particularly when the purpose for doing so was to allow price freezes.

After the Cabinet meeting, Mr. Healey met leaders of the CBI, who gave the strongest possible warning that further price controls would damage investment, alienate employers upon whom the success of pay restraint depended, and would be regarded "very seriously" by business.

Led by Mr. John Greenborough

Continued on Back Page

EUROPEAN NEWS

Greek farmers must wait for EEC price parity

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT BRUSSELS, Oct. 26.

THE EUROPEAN Commission has proposed that most Greek agricultural products should not be aligned fully with EEC price levels until five years after formal entry into the Community and has recommended a seven-year transition period for several more sensitive products.

This decision, disclosed today by Sig. Lorenzo Natali, the Commissioner in charge of enlargement questions, is bound to disappoint the Greek Government. Under pressure from its domestic farm lobby, it had sought the application of full EEC prices to most agricultural sectors from the moment of accession.

Nonetheless, it represents a concession by the Commission which had originally envisaged a seven-year transition period for the entire agricultural sector—a scheme particularly favoured by the two French commissioners as well as by the French Government.

The softening of the proposal, which must still be approved by the EEC Council of Ministers before it is officially put to the Greeks, is understood to be due largely to the intervention of Mr. Finn-Olav Gundelach, the Agriculture Commissioner, at the insistence of the Athens Government.

The proposed five-year transition period, which would apply to about two-thirds of all Greek agricultural production, is the same as granted to Britain, Denmark and Ireland when they entered the EEC. A seven-year transition is recommended for olive oil, fats, meat and dairy products.

In the case of olive oil, for which the Greek price is currently about 14 per cent below the EEC level, a lengthy adjustment period is considered necessary in order to prevent a substantial rise in production in Greece and resultant surpluses.

But for other items in the seven-year category, the intention appears to be clearly to limit the impact of enlargement on producers of products already in surplus in the existing nine member Community.

Somewhat surprisingly, the Commission has not recommended more that a five-year transition period for fruit and vegetables, for which prices are in many cases only half of EEC levels. Instead, it has merely suggested that the Greek Government take appropriate measures to ensure that access to higher prices at the end of the first five years of membership do not result in massive over-production.

It is envisaged that Greek agricultural prices will remain roughly at their present levels when it enters the Community and will be progressively aligned with EEC prices according to formulae yet to be agreed. In a few cases, such as barley, grapes and pears, where Greek prices are very close to EEC prices, an immediate adjustment may be permitted.

In addition, the Commission has proposed a provision for shortening the transition periods by a unanimous vote of the Council of Ministers once Greece becomes a member.

Sig. Natali admitted today that the Commission's negotiations with the Athens Government, begun in July, 1976, were now entering a delicate phase. Tough bargaining was likely over the farm price proposals and over free movement of labour and capital, institutional questions and the EEC budget.

He claimed to be confident that the calendar sketched out by the Commission would be observed, with the negotiations concluding by next summer and Greece entering the EEC at the start of 1981.

Germany's CDU looks for friends

BY ADRIAN DICKS BONN, Oct. 26.

HALFWAY BETWEEN the 1976 and 1980 Bundestag elections, the West Germany Christian Democratic Opposition is taking something of a pause for thought. Earlier this month it was defeated in its ambition to capture the key state of Hesse from the Social Democratic-Free Democratic (SPD-FDP) coalition—a victory that would not only have changed the government in Wiesbaden but would also have given the Christian Democrats a two-thirds majority of the Bundesrat, or Federal upper house.

This development could have made life for Chancellor Helmut Schmidt's SPD-FDP coalition in Bonn extremely difficult, and might sooner or later have forced the FDP to change partners, thus opening the way to a new coalition led by the CDU.

Herr Helmut Kohl, the CDU leader, have given the impression during much of the past two years that a change of partners by the FDP offered the Christian Democrats their most realistic chance of gaining power. Much of his trategy has, accordingly, been devoted to wooing the smaller coalition partner and its supporters and toward persuading them that the CDU would serve their ends better than the Social Democrats.

Yet the FDP did not want to play along, especially after its losses in the Hamburg and Lower Saxony elections last spring, which were widely attributed to its running with the SPD in the former and with the CDU in the latter state government.

As a result, the Christian Democrats, who failed to capture Hesse almost as narrowly as they failed to win an absolute majority in the Bundestag two years ago, have been left to think up a new approach.

The party's first instinct was, as in October 1976, to dump Herr Kohl. Yet even before the Ludwigshafen conference opened, it was clear that he would have to stay for want of anyone else acceptable to all factions. With the leadership question carefully kept off the agenda, the conference listened to speeches from Herr Kohl calling loudly for loyalty. He has been rewarded so far.

As a first step, the conference approved a new basic programme that was equally unobjectionable. The likelihood is that its more conservative nuances will, however, be played up increasingly in the three state elections in 1979 in North Rhine-Westphalia, Rhineland-Palatinate and West Berlin.

A more frankly conservative platform might, in addition, help the CDU to protect itself better in the event that Herr Franz-Josef Strauss, head of the Bavarian Christian Social Union, should ever carry out his standing threat to transform his party into a national fourth political grouping—whose appeal would be principally to voters now well to the right of the mainstream of the CDU. Shortly before the mid-October state polls in Bavaria, where the CSU won its customary 60 per cent of the vote, rumours of a fourth party had become so persistent that Herr Kohl, swinging on to the offensive, challenged his ally to go ahead.

Herr Strauss has for the time being demurred. Yet many political observers remain convinced that his plans could be revived at short notice.

Labour struggles bring Marseilles to halt

By David White, recently in Marseilles

"WE'VE BEEN fighting for 30 years. Everything we've got we had to fight for." In a small union office across the road from the port of Marseilles, which these days is as lifeless as a still photograph, Jean Marie Unali rummages through a stack of legal records looking for cases taken against the owners of the big ship repair yards. He is pint-sized, round-faced, with a metal tooth and a blue cloth cap he never removes; 21 years on the shipyards, 14 years a union organiser.

The Communist ship repair union, a branch of the giant CGT, able to claim 70 per cent membership, is the hard core of the labour struggles now paralysing Marseilles, the biggest Mediterranean port and the second in Europe after Rotterdam. Dockers' pay protests and the two-week-old national seamen's movement against Asian labour have stranded dozens of ships, apart from the six that are awaiting repairs.

Marseilles' principal ship repair business, the Terrin group, is one of the first sacrificial oxen in France of the European shipyard crisis. The other, just along the coast, is the shipbuilder Chantiers Navals de la Ciotat, once half-owned by the same Terrin family of Marseilles, but for over 10 years under Arab control. Three thousand people in the two companies have received their notice in the past few weeks, and in both towns the situation is potentially explosive.

The Terrin family's paternalistic empire folded six months ago. The company told workers it could not find the cash to pay their April salaries in full. The workers went on strike, and Terrin filed for bankruptcy. Under the normal French procedure, receivers took over and negotiated with potential buyers—British, Saudi, Russian and French. In September, workers turned down the "last chance" plan of a Normandy businessman, fearing that redundancies would not stop at the promised 700. The receivers decided to liquidate the group.

The following week, September 14, Marseilles' Socialist mayor, M. Gaston Defferre, on his 68th birthday played his trump. The city would buy up Terrin's assets for the time being and keep it going without redundancies. The plan caught M. Defferre's Communist opponents on the wrong foot. Workers on solidarity strike at the workshops which were being kept going, including two now being managed by an oil platform company, went back for a month's truce on the 23rd.

But on October 5 the whole repair business was out again, this time for a longer and tougher strike. Four yards are guarded by pickets and there have been incidents of violence. Employers have accused the unions of acting like "brigands" and "commandos." The head of Marseilles' Number 2 repairer charged: "The union people want everybody to go down with them."

The threat of total unemployment hangs equally over La Ciotat, a town of 32,000 with a Communist dominated local government dependent on its shipyards for well over a century.

Registered letters carrying 1,212 redundancy notices, just over a fifth of the total work force, arrived at the Chantiers in the first few days of this month. About 80 per cent of the people affected are locals, and in La Ciotat there is not much other work to do. More dramatically than in Marseilles, where at least there are the neighbouring steel and chemical works at Fos, there has been no reconversion.

There is talk of an imminent shipbuilding rescue plan. M. Robert Boulin, Labour Minister, said in Normandy the other day that a "safeguard" plan on the lines of the Government's measures for the steel industry was in preparation. This would mean reorganising the five or so makers of big ships in trouble—into perhaps two groups, and it is presumed that La Ciotat would come under Empain-Schneider's big France-Dunkerque yard, taking in the other big Mediterranean company, CNIM of La Seyne.

The owners, Intra Investment Company, formerly Interbank, which holds 91 per cent of the stock, have already declared their willingness to sell. Backed by funds from Kuwait, Qatar and Lebanon, Intra has contributed to two capital increases, made cash advances and arranged five Kuwaiti orders. But given the fate of its other main investments—Middle East Airlines, the port of Beirut and its casino—Intra obviously wants out while it can.

This prospect only adds to the uncertainty at La Ciotat. The police are reported to have prepared a 2,000-man manoeuvre in the case of the shipyards being occupied, an operation dubbed Land-Sea with CRS riot squads attacking the docks from the sea as well. To judge by the spectacle of the shipyard workers lining up a midday before sprinting en masse to the canteen, the opposition would be formidable.

Drivers end Corsica blockade

By Our Own Correspondent PARIS, Oct. 26.

PARTIAL RELIEF came today for Corsica, isolated by the French seamen's strike, when a port blockade by local lorry drivers was called off.

The blockade had been mounted in protest against the strike. The strike, meanwhile, showed no sign of easing off, although the Communist-led CGT union has pledged to maintain minimum services to the island, where stocks of food in the shops have been running low.

The strike was called last weekend in protest against one company's decision to hire Asian sailors.

The CGT, which represents most of France's merchant seamen, said the strike has been followed on 47 out of 72 ships in French ports.

Tug operators and pilots also joined the strike and in Marseille, and the adjacent port of Fos, 50 French and foreign vessels are held up.

Reuter reports from Rome: The French President, M. Valery Giscard d'Estaing said today that he thought a detailed agreement in principle on the projected European Monetary System (EMS) could be reached by the end of the year. The French leader was speaking at a news conference before he left for home at the end of a two-day visit to Rome during which he had talks with the Prime Minister Sig. Giulio Andreotti and also met Pope John Paul II.

Asked if he thought there could be an agreement on the EMS, by next January 1, he replied: "I think there could be a detailed agreement in principle." The details of the arrangement could be worked out by the central banks, he added.

● Soviet Foreign Minister Andrei Gromyko today prepared to begin a second round of talks with French Foreign Minister Louis de Guiringaud aimed at restoring traditionally good relations between France and the Soviet Union reports Reuter.

After the ministers' first two-hour meeting last night, both sides played down differences between the two countries over France's growing ties with China.

Portuguese metal workers strike

BY OUR OWN CORRESPONDENT LISBON, Oct. 26.

OVER 200,000 members of Portugal's Communist-dominated Federation of Metal Workers' Unions began a half-day strike at lunchtime today. The strike, first threatened over a week ago, follows continuing deadlock in three-months of negotiation between employers and unions on the terms of a new collective wage contract.

The metal workers are demanding a 20 per cent wage increase, which is the maximum allowed within the present government-imposed ceiling, while employers are offering only 11 per cent. They claim that labour and production costs are already too high.

The metal workers' strike affecting a key sector of the Portuguese economy (metallurgical products account for some 15 per cent of total national production) is the latest in a series of stoppages and partial strikes threatening to bring industrial relations here to their lowest ebb for over a year.

Leaders of the construction unions announced this morning that workers in the sector would go on a two-day national strike, as from November 8, unless the Government agreed to publish the terms of a new collective wage contract.

Meanwhile, Sr. Carlos Mota Pinto, Portugal's newly-appointed Prime Minister, today met his predecessor, Sr. Alfred Nobre da Costa, and members of the outgoing Government in what is believed to be the first step towards the formation of a new administration.

The talks are expected to give Sr. Mota Pinto an idea as to which of the Ministers of the present Cabinet would be prepared to continue in office under him.

Both President Antonio Ramalho Eanes and an influential sector of the banking and business community here are believed to favour the retention of some technocrats, including Sr. Nobre da Costa himself. Nevertheless, the majority of Ministerial posts are expected to go eventually to members of political parties. All four major parties, including the Communists, have indicated their willingness to allow their members to participate in an individual capacity in Sr. Mota Pinto's Administration.

Suarez gains breathing space through constitution decision

BY DAVID GARDNER MADRID, Oct. 26.

THE SPANISH Prime Minister, Sr. Adolfo Suarez, will be given a period of 30 days once the new constitution has been formally promulgated in which either to decide on the dissolution of Parliament and new General elections, or to seek a vote of confidence from Congress.

This was decided last night by the political parties represented in the joint commission of the Senate and Congress which is putting the finishing touches to the draft constitution. The final text will be voted on by Parliament next Tuesday, before going to referendum next month.

The formula was negotiated by all the major parties in Parliament, with the exception of the right-wing Popular Alliance, which was not represented on the commission. Its main significance is that it avoids what some political commentators had insisted would be a power vacuum after the promulgation of the new constitution.

Secondly, it leaves Sr. Suarez a breathing space in which to co-ordinate Spain's electoral timetable with the negotiation of a new "social contract" to replace the so-called "Moncloa pacts," which are due to expire at the end of the year.

It was originally accepted that the Suarez Administration, though democratically elected in June, 1977, was in power in a transitory capacity. The opposition Socialist Party, in particular, had insisted that the process of democratic reform would not be complete until Spain was equipped with a new constitutional framework.

Last night's agreement effectively makes Sr. Suarez Spain's first constitutional Premier, by allowing him the choice either of an early appeal to the ballot box, or of seeking a vote of confidence after 30 days, which would in theory allow him to prolong the life of the present Pariament unti June, 1981.

The choice of an electoral timetable—for municipal elections pending since last year, as well as general elections—will play an important part in the negotiations on what is to replace the Moncloa pacts. Though the Communist and Socialist parties, on which the negotiations hinge, have presented conflicting proposals, it is widely accepted that private investment will not pick up in the face of electoral uncertainty.

● Spain's Consumer Price Index registered 153.2 in August, up 1.7 per cent from July and up 17.47 per cent from a year earlier, according to the National Institute of Statistics, AP-DJ reports from Madrid. The Index is based on 1976 equals 100

Officials attributed the increase from July to a rise in beverage, food and tobacco prices.

Meanwhile, it was announced that Spain's Wholesale Price Index registered 521.7 in July, up 0.21 per cent from June and 13.39 per cent from a year earlier.

UNESCO head backs Press code

BY ROBERT MAUTHNER PARIS, Oct. 26.

UNESCO director-general Amadou Mahtar M'Bow today appealed to the member governments of the international organisation to approve a controversial declaration on the mass media's role in fighting war propaganda and raciaiism.

The draft declaration, which is due to be debated by UNESCO's general conference here in mid-November, has been hotly contested by the Western member governments, who look upon it as a threat to Press freedom and objectivity. But M. M'Bow told the conference today that it was inconceivable that the Press, radio and television should remain aloof from the struggle to foster a new spirit in human relations in the interests of peace and racial harmony.

The draft which has been submitted to the conference is a revised version of the original Communist-backed text which was shelved after a stormy debate at the last general conference in Nairobi two years ago. It contains some important modifications, notably the removal of a reference to the responsibility of the state for the activities of the mass media.

But it is still considered by Western governments to constitute unacceptable interference with the freedom of the Press.

The London-based International Press Institute has pointed out in a note to UNESCO that even the new draft "leans so heavily towards the concept of a controlled Press that it imposes the standards of propaganda on, what should be an editorial function."

One of the main problems is clearly to decide what standards should be used to define war propaganda and racialism.

The IPI has proposed a number of amendments which would remove from the declaration any quasi-diplomatic role for the media. The Institute has asked, in particular, for the deletion of the strongly-contested final article which states that "it is the duty of States to facilitate the application of the present declaration and to ensure that the mass media coming directly under their jurisdiction act in conformity therewith."

M. M'Bow strongly denied that there was any intention in the draft to muzzle or manipulate the media and emphasised that the defence of Press freedom was one of UNESCO's basic tenets.

Bright spots rare in Belgian economy

BRUSSELS, Oct. 26.

ECONOMIC ACTIVITY in Belgium remains weak and the few visible signs of improvement are not having enough impact to initiate a major upturn, the Economics Ministry said in its latest survey.

Specific sectors such as the leather, paper and garment industries have shown a trend for the better. But in the important base metals industry, the decline noted for some time has persisted. Activity in the textile indusrty also remained low.

Even in the food and chemicals sectors, where activity appeared generally satisfactory earlier in the year, the situation seems to be deteriorating.

A relatively strong upswing in spending for capital goods during the first half of 1978 should not be overestimated, as such spending was concentrated primarily on the energy, transport and communications sectors, the Ministry said.

Also, the 6 per cent rise in capital spending by manufacturing industry in the first half was probably more for replacement of equipment and for rationalisation than for expansion of production.

The Ministry sees signs of a possible improvement of the economy in the latest business survey of the National Bank, which showed that corporate leaders view their order position as slightly improved and are more optimistic about demand for the rest of the year.

However, as major structural problems remain unsolved, the anticipated uptrend would remain very limited, the Ministry said.

AP-DJ

Yugoslav tourist increase

BY ALEKSANDAR LEBL

YUGOSLAVIA's official foreign currency receipts from tourism are expected to top $1bn this year for the first time with a further $300m-$400m accruing to private Yugoslav citizens for accommodation and other services. Last year official receipts from tourism were $860m but a 15 per cent rise in foreign tourists to 6.5m and a 20 per cent rise in nights spent in Yugoslavia to 34.5m boosted receipts this year.

There was a 42 per cent rise in tourists from the UK over the first eight months although the bulk of tourists came from West Germany.

Tourist officials are now forecasting official receipts of $2bn from tourism by 1981 although this will require massive investment in new hotels, motels, bungalows, camp sites and linked services.

New tourist legislation containing 37 articles came into force on October 1 which includes tough new rules to prevent over-booking and compensation in the event of inadequately fulfilled obligations.

SIBERIAN DEVELOPMENT

Chinese connection complicates Japan's Soviet courtship

Despite the sensitive issues of Sino-Soviet rivalry, the logical partner for the Soviet Union's ambitious plans to develop Siberia is Japan, writes David Satter from Moscow. The most important potential joint project is a gas liquefaction plant.

JAPAN, WITH its vast energy needs and technical prowess is the logical partner for the Soviet Union in the latter's ambitious plans to develop Siberia.

In the sensitive world of Far Eastern politics, however, Soviet-Japanese relations are complicated by the Sino-Soviet rivalry which dominates Soviet strategic thinking and distorts Soviet-Japanese economic relations, making them just one factor in a difficult three-nation relationship.

The political strain following the signing of the recent Sino-Japanese Peace Treaty, which included an "anti-hegemony" clause the Soviets believe is directed against them, was inevitable. But the potential economic benefits of further Soviet-Japanese co-operation in Siberia has inhibited the Soviet response.

In many ways, the Soviets have only themselves to blame for the "anti-hegemonist" form of the Sino-Japanese treaty. It was finalised only after consistent Soviet refusal to accede to the Japanese request for the return of four islands in the Kuriles chain annexed by the Russians at the end of World War II.

The dispute over the islands has prevented signature of a Soviet-Japanese peace treaty. It does nothing, however, to lessen the potential use of Siberian raw materials for Japanese industry or abolish the large potential market in Siberia for Japanese technology, financing and even consumer goods.

The most important joint Siberian development project which could materialise soon is cooperation in South Yakutia gas field exploration, the transport of the gas by pipeline to a Pacific port, its liquefaction, and carriage by ship to Japan and the U.S.

The total cost to the Japanese and U.S. companies which would have to supply well-drilling equipment, compressors and large-diameter pipe has been estimated at $4bn, divided evenly between them, in return for which they would each get guaranteed deliveries of 10bn cubic metres of gas per year for 25 years.

Researchers have confirmed the existence of about 800bn cubic metres of gas in the South Yakutia deposits, leading to confidence on all sides that the requisite 1,000bn cubic metres of reserves considered necessary for the project will be demonstrated shortly.

Because of the dispute over the Kuriles, however, the project is in doubt. The Japanese will not enter into large-scale co-operation with the Soviets on a bilateral basis. The South Yakutia project, therefore, must also be approved by the U.S. Congress, where the present attitude towards such projects is regarded as unfavourable. Without this American participation, Japan will not join in South Yakutia gas development no matter how financially attractive.

In addition, the Soviets have a long-standing interest in a substantial Japanese Government credit line, one of the reasons an influential Japanese Keidanren (employers' organisation) delegation was received by Mr. Leonid Brezhnev, the Soviet President, at his Yalta summer retreat in 1976. The credit line would make future contracts and joint projects easier to negotiate because financing could be considered in advance.

The Japanese position is that without a Soviet-Japanese peace treaty, which they will sign only after the return of the disputed islands, there is no political basis for such close cooperation and, as a result, contracts must now be evaluated for Japanese Export-Import Bank financing on a case-by-case basis.

In the last 10 years, there have been seven Soviet-Japanese Siberian development projects with a total value of $1.4bn. The Soviets would like more.

Joint cooperation projects require the agreement of both governments and usually provide for Japanese Export-Import Bank financing and export licence approval. The Soviets prefer them because they are large-scale and compatible with the Soviet system of long-term state planning.

The Soviets have contracted for specific plants to be located in Siberia, including three casing head processing plants in the Tyumen West Siberian oil fields, and they conduct an active coastal trade with Japan and the Soviet Far East. But if Soviet-Japanese Siberian cooperation is to reach its full potential, it will be through governmental agreements on large-scale joint projects like those already signed.

So far, however, the history of Soviet-Japanese efforts to agree on joint projects has been characterised by success in moderate-sized undertakings but failure to agree on the truly major projects, which in tying the two economies together, raise a variety of political considerations.

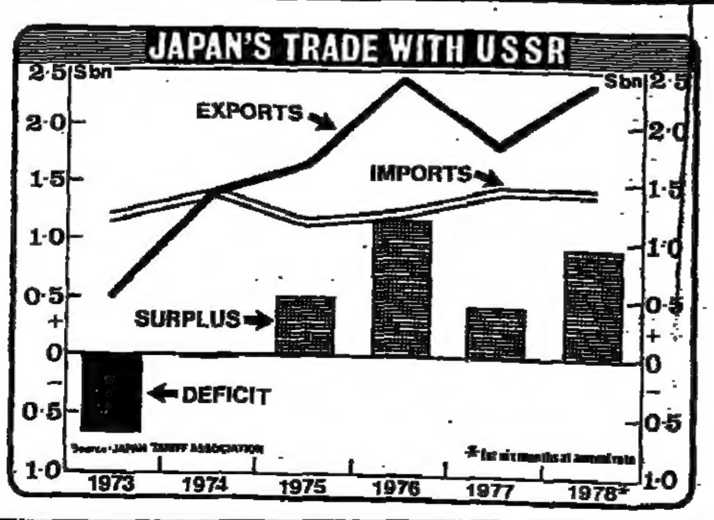
The two initial Siberian projects were the 1968 Amur timber agreement under which Japan supplied $130m in machinery and $30m in consumer goods in exchange for 7.5m cubic metres of Soviet lumber, and the 1971 Vostochny Port project, which involved an $80m Japanese credit to finance installation of the coal and container berths and woodchip handling facilities of the new Pacific coast port of Vostochny.

These projects were completed successfully but political considerations prevented negotiators from agreeing on Japanese participation in development of the prolific Tyumen West Siberian oilfields after fruitless negotiations between 1970 and 1975.

This project would have required an investment of $3.1bn—more than twice the value of all existing Siberian projects—and would have supplied Japan with 10 per cent of its annual oil requirements.

The plan would have required Japan to advance credits to finance technological assistance and purchase of 48-inch-diameter pipe for the construction of a 7,000-km pipeline from the Tyumen oilfields to the port of Nakhodka, with deliveries to Japan set at 25m tonnes of oil a year.

It faltered when the Soviets attempted to substitute oil transport on the Baikal Amur Railway (BAM) railroad for part of the pipeline route. The Japanese were unwilling to help finance the railway because of the strategic implications in the Soviet Union's dispute with China, and the five-year negotiations came to an end.



The Japanese were willing to follow up the Amur timber agreement by signing up in 1971 a total 12.7m cubic metres of timber waste, to be delivered over 1972-81. And in 1974 they agreed to take on a further 17.5m cubic metres of timber over 1975-79.

The current state of the Japanese market for raw materials, however, is not so favourable for the purposes of Siberian co-operation. There have been difficulties absorbing timber and coal supplies from the Soviet Union. Any future large-scale co-operation in Siberian asbestos exploitation could easily flood the market and the Japanese are also uninterested, at present, in co-operating in exploitation of the huge Udocan Siberian copper deposits.

The focus of interest now is on energy. The most successful Soviet-Japanese project in this area to date appears to be the South Yakutia coking coal project. This provides for deliveries of 6m tonnes of coking coal a year for 20 years beginning in 1979 to repay a Japanese credit of $450m which financed machinery and technology used in development of the deposits. The Soviets have just announced completion of the BAM rail link which is to carry South Yakutia coal to the Pacific coast, and shipments are expected to begin on schedule.

But it is in the critical areas of oil and gas, where Japan's need are the most pronounced, that the political constraints are the most serious. The two existing oil and gas projects are the South Yakutia gas exploration project, in which the Japanese have already invested $25m and which has no value without an accompanying decision to join in the large-scale exploitation of the deposits, and the joint Soviet-Japanese oil prospecting on the Sakhalin Island shelf.

The Soviets believe there are major but almost inaccessible oil and gas deposits in uncharted areas of the East Siberian plateau, in areas north of Yakutsk and in the Sea of Okhotsk. Success in moving from the exploration stage to the exploitation stage in the South Yakutia and Sakhalin shelf projects will be an indication of the future of Soviet-Japanese co-operation as a whole.

The atmosphere around the South Yakutia project improved markedly with the confirmation of almost 1,000bn cubic metres of natural gas reserves, and the advantages of the project may yet bring three-sided agreement between the Soviet Union, the U.S. and Japan.

The same problem of arranging three-way co-operation may be faced again if the Sakhalin oil prospecting shows that the island's continental shelf is rich in oil.

For the moment, there is no such problem because the prospecting year in Sakhalin ended without a second strike near the point at which oil was discovered last year, at the island's northeast tip. At the time, a physical survey confirmed the existence of oil between depths of 2,300 and 30 metres over an area of 300 sq. km.

The Sakhalin project was based on an agreement by which the Japanese supplied funds, capital and drilling materials for oil-exploration, which was financed with a $100m credit. If rich deposits were discovered, 50 per cent of the oil would go to Japan with extraction costs split evenly between the two countries.

The Japanese gained the participation of Gulf Oil in the scheme but the Soviets envisage an investment of up to $2bn to extract oil and build pipelines beginning in the mid-1980s if sizeable oil deposits are discovered.

At the last meeting of the Soviet-Japanese Joint Commission, the Soviets made no new suggestions for projects but mentioned possible co-operation in improving the Vostochny Port, development of cellulose processing complexes at Amursk and Khabarovsk and reconstruction of the formerly Japanese cellulose plant on Sakhalin Island.

In the light of the background to the Soviet-Japanese attempt to work together in developing Siberia, an appropriate agenda item might have been a solution to the territorial question, an inclusion which would have been out of order but logical. The absence of a Soviet-Japanese peace treaty, caused by the failure to resolve that long-standing dispute, may make large scale Soviet-Japanese co-operation in Siberian development, despite its obvious advantages, problematical for many years.

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AMERICAN NEWS

Bethlehem plea to Carter on steel industry problems

BY STEWART FLEMING

NEW YORK, Oct. 26.

A PLEA that President Carter recognise the special problems of the U.S. steel industry in enforcing the new price controls proposed in the anti-inflation programme came today from Mr. Lewis Foy, president of Bethlehem Steel, the nation's second largest steel producer.

In a telegram to the President, Mr. Foy, who is also the head of the industry's principal trade association, pointedly refrained from committing his company to follow the strictly interpreted guidelines.

Instead, he expressed the hope that when the details of the programme unfold "it will be flexible enough to recognise the special problems of a company such as ours which has low profitability, high capital requirements, heavy environmental expenditures and damage from imports that are being dumped into this country by foreign steel makers."

Mr. Foy was also outspokenly critical of the Administration's plans to try and enforce the new inflation plan through "policies that would tighten government regulations and relax the enforcement of our import laws." Such moves, he said, would only compound our inflation-related problems not alleviate them.

Although the steel industry has been reporting a sharp recovery in profits through the second and third quarter of this year, partly on the back of price increases over the past 12 months of 15-20 per cent, share analysts, such as Mr. Charles Bradford of Merrill Lynch, have suggested that the industry's profits could come under pressure next year if it is forced to follow strictly the new guidelines.

This is because its average price increases in 1976 and 1977, the base for the Administration's policy, were around eight per cent, thus its 1979 price increases should not rise above 7½ per cent under the policy. Costs, however, could rise ten per cent and it is possible that sales volumes might not be as strong next year as they have been in 1978.

The industry has to be especially concerned about Government's ability to put pressure on it since, under the Treasury's trigger price system designed to control imports, the Administration can influence the flow of imports into the country and the price at which they enter, and thus the pricing levels of the domestic industry.

On the other hand, the industry may well be hoping to make a case for special treatment on the grounds of the high environmental costs it faces and the costs of recent wage settlements.

Separately, Mr. William Miller, chairman of the Federal Reserve Board lent his support to the Administration's programme in a speech last night. He described the programme as "balanced, concerted and sustained."

Mr. Miller said that if labour and business will support it "it gives us running room to eradicate inflation."

On the Fed's role in the inflation fight, Mr. Miller said: "I want to assure you the Federal Reserve . . . will use its full resources to use a prudent role in drying up inflation."

"We must take the necessary medicine to cure the disease now to avoid worse maladies later." He held out little hope that interest rates would start going down soon.

Interest rates continue to rise

BY JOHN WYLES

NEW YORK, Oct. 26.

WITH INTEREST rates continuing to rise in disappointment at President Jimmy Carter's anti-inflation package, the U.S. credit markets are steeling themselves for record yields at Treasury quarterly refinancing auctions slated for next week.

Although the size of the Treasury's borrowing requirement for the October-December quarter, $11bn, is unlikely to put undue additional pressure on interest rates, it is equally unlikely to provide much relief from the rising trend of the last two months.

Strong credit demand coupled with the Federal Reserve Board's repeated boosting of short-term interest rates has established this momentum, which brought a forecast yesterday from Mr. Henry Kaufman of Salomon Brothers that U.S. interest rates would increase dramatically next year.

Next week the Treasury will sell about $6.75bn in securities to redeem $4.6bn in outstanding issues and to raise $2.15bn in new cash. On Tuesday there will be an auction of $2.5bn of three-and-a-half year notes maturing on May 5, 1982. On Wednesday $2.5bn will be auctioned of 10-year notes maturing November 15, 1988, and on Thursday a 30-year bond sale totalling $1.75bn maturing November 15, 2008.

The auctions are expected to conform to the current inverted yield curve on Treasury securities, which means that the shorter term obligations will yield more than the longer. They will also reflect the extremely narrow spreads prevailing between short- and long-term securities and dealers were predicting yields this morning of between 8.65 and 8.75 per cent on the three issues. If these materialise, then the yield on the long-term bond would exceed the previous record for a 30-year obligation of 8.63 per cent set in 1974.

After next week's auction the Treasury will still need to raise $5.4bn of new money which Mr. Anthony Solomon, Treasury Under-Secretary, thought yesterday would pose no great problem. Not all of this might be sought from the credit markets, for the Treasury will probably continue to sell non-marketable obligations to foreign central banks which have been soaking up a lot of dollars in a bid to defend the ailing U.S. currency.

Canadian mail strike ends

BY DAVID MACKIE

OTTAWA Oct. 26.

CANADIAN postal clerks and sorters returned to their jobs today, ending a nine-day illegal strike.

The Federal Government had warned the 23,000 striking members of the Canadian Union of Postal Workers (CUPW) they would be fired if they did not return to work today.

The order to return and to dismantle the picket lines was issued late on Wednesday by Mr. Claude Parrot, the CUPW president, shortly after police raided union headquarters here and regional offices across the country, confiscating documents.

Mr. Parrot and other union leaders were charged on Wednesday with violating legislation, passed a week ago, ordering the strikers to return to work.

The Government has also confirmed it is investigating the CUPW to determine if there is Communist involvement in the union.

Mr. Parrot told reporters: "We recommended all members of the union to return to work. The Government, after depriving the workers of the right to negotiate and to strike, have now deprived them of their right to defend themselves . . . we have no other choice."

The union did not consider the Government was bluffing when it warned workers they would be fired, he added.

Mr. Parrot and four other members of the union's national executive were charged with violating last week's back-to-work legislation by continuing to encourage workers to remain on strike.

Justice Minister Otto Lang announced on Wednesday the charges were laid under a section of the Criminal Code prohibiting defiance of an Act of Parliament. The charges carry a maximum penalty of two years in jail.

Yamani in Venezuela for oil price talks

CARACAS, Oct. 26.

THE Saudi Oil Minister, Sheik Ahmed Zaki Yamani, has arrived in Venezuela to meet President Carlos Andres Perez, and to hold talks with the Venezuelan Energy Minister, Sr. Valentin Hernandez, and other senior government officials.

Sheikh Yamani arrived yesterday for a two-day visit and is staying at the presidential guest-house, according to newspaper reports. The visit was not announced ahead of time. Sheikh Yamani, a key figure within the Organisation of Petroleum Exporting Countries (OPEC), is expected to discuss oil prices. The cartel is scheduled to meet in December to consider a price increase.

The newspaper El Universal quoted a high ranking government official as saying that Venezuela was pushing for a price increase of 10 per cent. According to news reports of past weeks, Saudi Arabia wants to hold the increase to 5 per cent.

The newspaper report gave no other details. The 10 per cent figure has already been mentioned by Venezuelan sources.

Mr. Ali Jaidah, the OPEC secretary-general, is currently on a tour of Gulf states to discuss oil prices.

Agencies

U.S. COMPANY NEWS

Currency losses hit Texaco earnings; Progress at Standard Banks; Agache Willot buys stake in Korvettes—Page 23

Conservative Republicans face challenge in the South

BY DAVID BUCHAN RECENTLY IN THE CAROLINAS

THE CAROLINAS are a key target for the Democrats this year. Two conservative Republican senators the majority party would dearly like to see defeated next month are Senator Strom Thurmond of South Carolina and Senator Jesse Helms of North Carolina. President Jimmy Carter has taken precious time off to make two campaign trips for Mr. Helm's opponent, and it was Mr. Walter Mondale, the Vice-President, who persuaded Mr. Charles Ravenal, the Democratic Senate candidate in South Carolina, to try to torpedo the veteran Mr. Thurmond's bid for a fifth six-year Senate term

The Southern "old guard" in the Senate is fast disappearing. Senator James Eastland of Mississippi retires this year, and Senator John McClellan of Arkansas and Senator James Allan of Alabama have died within the past year. The 75-year-old Strom Thurmond is of their generation and ilk, though in a sense more remarkable than all of them.

He has run on almost every ticket imaginable: In 1948 as a "Dixiecrat" for President supporting states' rights and opposing racial de-segregation, in 1954 as a Democrat elected to the Senate, and then crossing the Senate floor 10 years later to the Republican Party. In the process, Mr. Thurmond has become something of a national and state institution, a living legend to supporters and enemies alike.

A canny practitioner of old-style Southern campaigning, which for the most part eschews anything as vulgar as ideological issues and appeals to voters as friends and neighbours, he has carefully modified his stand on one important issue: race.

Once a die-hard segregationist, who still holds the record for the longest filibuster speech (25 hours and 18 minutes against a civil rights bill), and who at one time proclaimed "There are not enough troops in the army to force Southern people to admit Negroes into our theatres, swimming pools and homes," he now has a few blacks on his own staff. In recent years he has made a point of getting federal money for black-run colleges and towns in his state, and this summer voted to give the overwhelmingly black district of Columbia its own senators and representatives.

Blacks make up a quarter of South Carolina's registered voters. In 1972 Mr. Thurmond won 8 per cent of the black vote. He has spent six years trying to mend his fences with the black community, and even the Senator's opponents reckon he will double this percentage in next month's poll.

Mr. Ravenal, therefore, at the urging of the White House has taken a gamble in running against the Senator, who even the Ravenal polls put some 14 points ahead in mid-October, this year.

Mr. Ravenal could have had the Governorship of South Carolina—considered a virtual walk-over for the Democratic nominee—almost for the asking.

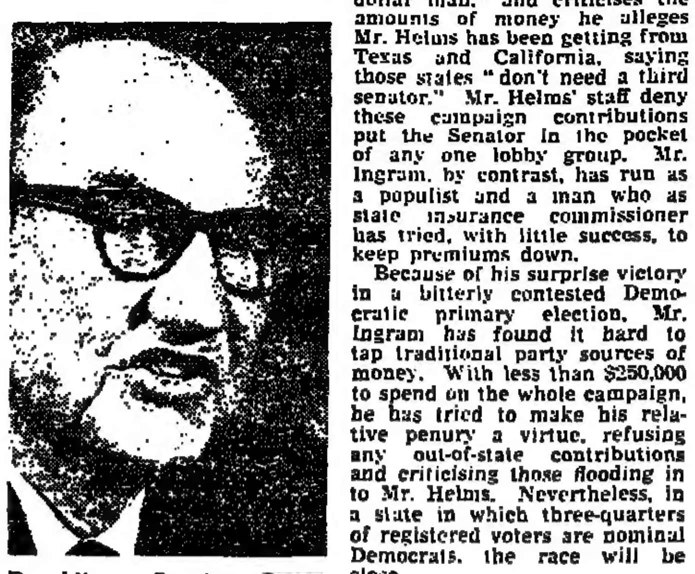
In 1974 Mr. Ravenal, who had returned to the state after some seven years as a successful Wall Street banker, won the Democratic primary for governor, only to have the near certainty of victory in the general election snatched away when the state courts ruled that he had not spent long enough in the state to qualify.

Mr. Thurmond's age is not a direct issue in the campaign. His mania for physical fitness, together with the fact that he has a wife half his age and four children under 10, prevent it from becoming blatantly so. And indeed, many Southerners still have some veneration for age and experience. But 40-year-old Mr. Ravenal stresses that South Carolina, the economy of which has rapidly industrialised from a heavily agrarian base and gained some $1bn in direct foreign investment since 1970, now faces new economic problems beyond the Senator's grasp.

Emphasising some of his Wall Street experience, Mr. Ravenal has detailed his plans for a tax-based incomes policy to deal with inflation, and carefully calibrated tax cuts to stimulate the economy—unusual electoral fare for South Carolina voters.

Mr. Helms is conservative and Southern, but of a different and newer stamp. Elected in 1972—a year of sweeping Republican success in North Carolina—he is more the modern ideologue. A thorn in the administration's side, Mr. Helms has earned the label of "Senator No" from his opponents, because of his consistent votes against federal spending on anything but defence, tobacco crop support and textiles—the three props of his state's economy.

A clever Senate tactician, Mr. Helms has also tied administration policy in knots on occasions



Republican Senator Strom Thurmond

—the most recent instance being a successful amendment to cut U.S. contributions to the United Nations next year. The Senator regards the U.N. as a forum for left-wing regimes to bait the U.S.

To try to prove his 1972 victory was no fluke, Mr. Helms has raised an astonishing $6.2m to win re-election, though a large part of this is absorbed in the cost of the direct mail soliciting operation he has mounted. Nevertheless, the gross figure is the largest in any single campaign this year, and perhaps ever. He claims that some 270,000 people throughout the country have chipped in to help him with contributions averaging $23 a head. The breadth of this support from hard-core conservatives outside his own state would seem to indicate potential support, if Mr. Helms chose to contest the 1980 presidential primaries. For the moment, Mr. Helms disclaims any such ambition.

Mr. John Ingram, his Democratic opponent, lambasts Mr. Helms as the "six million dollar man," and criticises the amounts of money he alleges Mr. Helms has been getting from Texas and California, saying those states "don't need a third senator." Mr. Helms' staff deny these campaign contributions put the Senator in the pocket of any one lobby group. Mr. Ingram, by contrast, has run as a populist and a man who as state insurance commissioner has tried, with little success, to keep premiums down.

Because of his surprise victory in a bitterly contested Democratic primary election, Mr. Ingram has found it hard to tap traditional party sources of money. With less than $250,000 to spend on the whole campaign, he has tried to make his relative penury a virtue, refusing any out-of-state contributions and criticising those flooding in to Mr. Helms. Nevertheless, in a state in which three-quarters of registered voters are nominal Democrats, the race will be close.

Mr. Helms portrays himself as the embattled conservative at the top of the White House and trade union "hit lists." Mr. Carter, since his Camp David diplomatic coup, is not quite the electoral liability to Democrats that he seemed only a couple of months ago. But some Administration policies are less than popular with Carolinans.

In particular, Mr. Joseph Califano, the Secretary of Health, Education and Welfare, has angered many Carolinans by proposing to spend $25m on a Federal anti-smoking campaign. Anything that weans Americans from the weed hurts North Carolina, whose tobacco and cigarette industries are the biggest in the country, while South Carolina ranks third behind Kentucky in tobacco growing.

Even Mr. Helms has had to watch his step here. He has been one of the driving forces in the Senate for lifting trade sanctions on Rhodesia—a move that would allow Rhodesian tobacco freely into the U.S. The way the Senator explains it, sanctions have forced Rhodesia to sell its tobacco at reduced prices, thereby indirectly depressing American tobacco prices. Lifting sanctions would end this cut-price competition, he says, but not all North Carolinans believe him.

Only slightly less important than tobacco in North Carolina is textiles, employing nearly 350,000 in the state—while in South Carolina the textile, synthetic fibre and apparel sectors account for 52 per cent of workers in manufacturing. Both states complain of rapidly rising textile imports, apparently up 40 per cent in the first seven months of this year. Their Congressmen, led by Senator Ernest Hollings of South Carolina, have succeeded in getting Congress to pass an amendment preventing the Administration from negotiating any textile tariff cuts in the current GATT trade talks in Geneva.

Mr. Robert Strauss the U.S. trade negotiator, is adamantly opposed to this move, arguing that it could lead the European Community to refuse any tariff concessions on U.S. farm products including tobacco. Thus, the two tobacco exporting states would be cutting off their noses to spite their faces. Carolinians, however, regard this argument as Administration casuistry and the European threat as bluff.

But such are the overall stakes in smoothing the outcome of the GATT negotiations that Mr. Carter is likely to kill the amendment. It is attached to an unimportant bill on silver dollar coinage and a veto would cost little.

Workers in North and South Carolina are the least unionised in the country (6.8 and 9 per cent, respectively, of their non-farm workforces). Companies attracted to the two states by low wages have fought bitter battles, notably that between J. P. Stevens, the textile giant, and the Textile Workers Union, to keep it that way. So endorsement by organised labour is a very mixed blessing for both Mr. Ravenal and Mr. Ingram.

The latter pointedly returned a contribution from the national AFL-CIO labour federation. Only Mr. Ravenal has ventured to offer mild support for the Labour Reform Bill which was filibustered to death in the Senate this year.

OVERSEAS NEWS

Israel plans immediate expansion of settlements in West Bank

BY DAVID LENNON

TEL AVIV, Oct. 26.

ISRAEL PLANS to start work immediately on moving thousands of Jews into settlements on the occupied West Bank and Golan Heights, it was revealed today.

The Government decided yesterday to allocate I£300m (about £9m) for the expansion of existing settlements as a demonstration of Israel's intention to retain control of at least part of these occupied territories, despite its impact on the current peace negotiations.

Mr. Moshe Dayan, the Foreign Minister, said this morning before his departure for the Washington peace talks with Egypt that it was Israel's right to expand the settlements even if this made the peace negotiations more difficult.

He also said that the amendments sought by the two countries to the draft peace treaty would necessitate a complete re-examination of the linkage between the Egypt-Israel pact and the negotiations on the future of the West Bank and Gaza Strip. Israel wants the link loosened, while Egypt wants it tightened.

It emerged today that the decision to expand the settlements, despite the negative effect this is likely to have on the peace process, was a key element in convincing some ministers to approve the draft peace treaty with Egypt at yesterday's Cabinet session.

Mr. Shimon Peres, leader of the opposition Labour Party, today welcomed the Government's decision. He said that while sceptical about Government pronouncements, he believed that Israel should expand the settlements.

Israel agreed at the Camp David summit last month to freeze the construction of new settlements in the occupied territories while the peace negotiations are in progress. There is a dispute between Israel and the U.S. whether this refers only to the three-month period of negotiations with Egypt, as Israel claims, or the five-year negotiation period with the Jordanians and Palestinians.

In any event, Israel maintained that the freeze applied only to the creation of new settlements, but permitted the expansion of existing Jewish villages in the occupied territories.

The plan approved yesterday calls for increasing the number of Jews living on the Golan Heights from the current 4,000 to 10,000.

Work will start immediately on the construction of permanent villages for a number of settlements currently located on temporary sites. In addition, a new water reservoir will be built to supply the settlements.

On the West Bank, where Israel has proposed granting limited local autonomy to the 700,000 Palestinians, the expansion plan is divided into two sections.

In the occupied section of the Jordan Valley the plan is to add 15 homes and farms to each of the 17 settlements built there since the 1967 War. The plan also calls for the creation of local industries in the region to provide additional employment for the settlers. On the rest of the West Bank, the expansion drive will be concentrated on three Jewish urban settlements currently under construction.

In addition, work will start in the coming days on the paving of East-West roads linking the new settlements with the Israeli coastal plain. Officials in the Settlement Department of the Jewish Agency and the Housing Ministry are confident that at the end of the three-month freeze, work will also start on planned new settlements.

Local police chief shot in Iran

By Andrew Whitley

TEHRAN, Oct. 26.

IN AN ominous new twist to the continuing violence in Iran, the police chief in the southern town of Jahrom has been assassinated. The local martial law commander was also wounded, when a sniper—thought to be a soldier—opened fire on the two men as they were returning from public ceremonies to mark the Shah's birthday.

According to the official news agency, Pars, the unidentified assailant escaped after killing Col. Tasaodi and wounding Gen. Ahmad Nadvar. A separate version of the incident, in the afternoon newspaper Ettelaat, is that the two men were fired on from a passing car.

On Tuesday several army officers were wounded in Qom when rioters opened fire on troops attempting to contain the trouble. A home-made bomb was also thrown at an army vehicle.

With the country's main religious leaders having virtually withdrawn from the leading role they used to play in the mass opposition to the regime, sections of the Opposition forces have become increasingly militant. Attacks on foreign targets, especially in the city of Isfahan with its large U.S. military population, have become more frequent, though it certainly does not amount to a concerted campaign.

First reports say there were demonstrations and violent clashes in at least five cities today. Tehran itself was quiet, with the university campuses—the scenes of mass demonstrations over the past week—deserted. Several small demonstrations against the Shah and in support of the exiled religious leader, Ayatullah Khomeini, took place, but there were no reports of casualties.

The opopsition stronghold of Qom was once again today's worst affected city. As thousands took to the streets to demonstrate and do battle with the army, all shops closed down. Other trouble spots are reported to have been Rasht, where rioters attacked the Governor General's house, and Rezaiyeh, near the Iraqi and Turkish borders.

Although the early reports may be incomplete, today's trouble appears to have been less widespread than yesterday, when altogether 13 cities were affected. It might have been expected to be more intense in the light of the Shah's birthday today and the reaffirmation by Ayatullah Khomeini of his total opposition to any form of compromise with the regime. The Ayatullah's call for a war of attrition to bring down the Shah has ben greeted here with forboding.

Lebanon restricts guerrillas

BY IHSAN HIJAZI

BEIRUT, Oct. 26.

THE LEBANESE Government has initiated moves to restrict the Palestinian guerrilla presence here and balance off plans for disarming the private Lebanese Christian and Moslem militias.

An all-embracing government blueprint issued yesterday to solve the four-year-old Lebanese crisis insisted the guerrillas must hand over their heavy weapons to the Arab peace-keeping force and withdraw from civilian districts. The command of the Syrian-dominated peace force was given two weeks in which to submit its own plan of action to enforce the new measures.

The Government scheme provided for removal of Lebanese militiamen from public places and taking away their weapons if they carry them on the streets. Christian leaders have made it clear they will not co-operate unless the Palestinians are disarmed first.

President Elias Sarkis met last night with Mr. Abu Iyad, the second in command in the guerrilla movement, to discuss the matter.

Guerrilla leaders have promised to cooperate, but were reported to be reluctant to withdraw about 5,000 commandos currently stationed north of the Litani river in the Nabatiyah area.

The guerrillas established themselves there after they were driven out of their bases on the slopes of Mount Hermon by the Israeli invasion of the region last March. The region, known as al-Arqoub, is currently under the control of UN troops.

Old agreements between the Lebanese government and the Palestine Liberation Organisation do not permit the commandos to be stationed in the Nabatiyah enclave. Guerrilla leaders were reported to have pointed out they could not evacuate the territory without having to return to al-Arqoub in defiance of the UN presence there.

● Bahrain, Qatar and the United Arab Emirates slightly revalued their currencies against the dollar yesterday following a similar move by Saudi Arabia. The three Gulf states set the dollar's official selling price at 0.384 for the Bahrain dinar and 3.84 for the Qatar riyal and the UAE dirham.

Roger Matthews adds from Cairo: The Arab League today extended for another six months the mandate of the peace-keeping forces in Lebanon, but without the support of Egypt. The Egyptian Ambassador to the League, Mr. Tahsin Bashir, later issued a statement warning that although Egypt had abstained on this ocassion, it would in future oppose a renewal of the mandate.

Syria provides around 30,000 troops for the Arab deterrent force in Lebanon with token forces being contributed by Saudi Arabia and the Sudan.

India stops gold auctions

BY K. K. SHARMA

NEW DELHI, Oct. 26.

THE INDIAN Cabinet today directed the Reserve Bank to suspend further auctions of gold from the Government's non-monetary stocks until it reviews its policy on gold sales. Fourteen auctions involving the sale of about 13 tons of gold have been held by the Reserve Bank since May 1978.

Gold prices in India have been rising steadily and reached the $400 an ounce level 10 days ago despite the increased availability of the metal as a result of the auctions. Because of this, and also as a result of the bullish tendency in the international markets, there has been considerable speculation in Indian bullion markets.

The Government started auctions of non-monetary gold—consisting mainly of confiscated gold from smugglers — with the objective of reducing smuggling and the differential between the international and domestic prices. It was hoped this would also help bridge the large budgetary deficit.

The auctions proved partly successful but towards the end of September, when instability prevailed in the international bullion markets, prices in India fluctuated and gave rise to speculative tendencies.

● Pakistan's jailed former Prime Minister, Mr. Zulfikar Ali Bhutto, has been served with notices in his death cell to answer queries relating to his income-tax payments over the past five years, Chris Sherwell reports from Islamabad. In addition, both he and his wife, the Begum Nusrat Bhutto, who is under house arrest in Islamabad, have been ordered to appear before the Federal Land Commission when it sits at the end of the month.

S. Africa sanctions talks at UN

BY OUR OWN CORRESPONDENT

UNITED NATIONS, Oct. 26.

REPRESENTATIVES of the five Western states on the Security Council held urgent strategy talks today on possible ways to head off African demands for further sanctions against South Africa in view of the very limited results from last week's ministerial negotiations in Pretoria.

After denouncing what they termed the "so-called compromise" worked out by Britain, the U.S., France, West Germany and Canada with the South Africans, the African group called last night for a Council meeting to consider the situation.

In their letter to the Council president, M. Jacques Leprette of France, the Africans spoke of South Africa's "defiance" of the September 29 resolution authorising the dispatch to Namibia (South West Africa) of a big UN operation to supervise and control free elections in the territory. Privately, African delegates said they proposed to invoke enforcement provisions of chapter VII of the UN charter, which deals with threats to international peace and security.

One African ambassador went so far as to speak of possible UN military action. Of course, there is not the slightest chance that this could happen, if only because of the Western veto. But, unless there is some "give" from the South African side, a resolution proposing economic measures—at the very least, a halt to further foreign investment in the republic—appears inevitable.

Although Dr. David Owen, the British Foreign Secretary, has called the Pretoria agreement a breakthrough, the view here, even in Western circles, is that this is altogether too rosy an assessment. While insisting that their planned unilateral elections in Namibia in December take place, the South Africans agreed only to use their best efforts afterwards to persuade the internal leaders chosen at the polls "seriously to consider ways and means of achieving international recognition."

In a formal statement, the 49-nation African group here expressed concern, dismay and utter disappointment over this limited outcome from three days of talks, for which the West brought in all their big guns, including U.S. secretary of state Cyrus Vance. SWAPO, the guerrilla group recognised by the UN as "authentic representative of the Namibian people," and with which the West has also been negotiating, declared the Pretoria accord unacceptable.

In the Security Council, which could begin debate tomorrow but appears more likely to defer until next week, the Western members will certainly do their best to convince the sceptics that the South African Government is not being as negative and intransigent as the official communiques make it appear.

They will also try to persuade the other members to agree to the return to Namibia of Mr. Martti Ahtisaari, the UN special representative, for further talks with Judge Marthinus Steyn, the South African administrator-general. Mr. Ahtisaari is known to be keen to go back, provided he is out again before the December elections, but both SWAPO and the African states have told the Secretary-General, Dr. Kurt Waldheim, they do not believe he should return just now.

The Pretoria accords committed the Western powers to recommend Mr. Ahtisaari's return to try to work out with Judge Steyn modalities for future UN-supervised elections. The special representative was in Namibia for 17 days during August. He prepared a plan for the big UN operation that was approved by the Security Council at the end of September and to which South Africa has raised several important objections.

Burma oil exploration resumes

RANGOON, Oct. 26.

BURMESE Industry Minister Colonel Maung Cho said Burma plans to resume offshore oil operations in the next six months.

The Minister was replying to a parliamentary question but he did not elaborate.

The new exploration programme would be Burma's third attempt to find oil off its coastline.

U.S. and Japanese experts sank 12 test wells off the southern coast between 1972 and 1974, but operations were halted after four wells yielded traces of natural gas but no oil.

Another effort was made in 1975, with contracts awarded to foreign companies, including Exxon Corporation's Esso subsidiary and Compagnie Francaise des Petroles. But drilling again was suspended two years later after negative results from 17 test wells.
Reuter

Swaziland goes to polls

BY QUENTIN PEEL

JOHANNESBURG, Oct. 26.

THE FIRST general election in Swaziland since the country's constitution was suspended by King Sobhuza in 1973 is to be held tomorrow.

Announcement of the poll follows a long-standing promise by the King, aged 79 and the world's longest reigning monarch, to revive Parliament and introduce a new constitution.

According to the order published last week, the election will follow traditional lines. Voters will attend a series of tinkhundlas, or district councils, to elect an 80-member electoral college, which in turn will elect 40 members for a National Assembly, and 10 members for a Senate. The King will nominate a further 10 members for each House.

No details have been published of the proposed new constitution. The election order said blandly that it would be promulgated after the people of Swaziland and the King had accepted it.

The reintroduction of Parliament is seen as providing a safety valve for public debate, which in recent years has steered a difficult course between its ideologically incompatible neighbours — white-ruled South Africa and socialist Mozambique.

In spite of the essential conservatism of Swaziland's 500,000 population, there have been signs of growing social strains. There were small-scale riots by students and teachers in the main towns of Mbabane and Manzini last October during a teachers' strike, and more recently several members of the banned South African Pan African Congress were detained and expelled.

The average annual industrial growth rate since independence in 1968 has been a phenomenal 19.6 per cent, but the economic benefits have also brought problems, with a booming South African tourist trade resulting in a rash of prostitution, alongside the casinos and cinemas showing films banned over the border.

Japan to aid China in oil search

PEKING, Oct. 26.

Chinese officials and the Japanese Petroleum Corp (JPC) have agreed to co-operate in oil exploration and development in the Po Hai Bay area off China's east coast and the Southern Pearl River Estuary, according to sources close to JPC. They said U.S. oil interests will probably also participate in the latter development.

The sources said a further round of talks with Chinese officials would be held in Tokyo in early December, and it was hoped an agreement would be signed next spring.

Meanwhile, the U.S. Energy Secretary, Mr. James Schlesinger, opened his first round of talks in Peking today with the Chinese Vice-Premier, Yu Chiu-Li, a former Petroleum Minister who now heads the State Planning Commission.

He told a banquet last night, hosted by Petroleum Minister Sung Chen-ming, that he was looking forward to discussing co-operation in five specific areas of energy research and development, which American officials said were renewable resources, coal, oil and gas, hydro-electric power and high energy physics.
Reuter

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WORLD TRADE NEWS

Japanese ship orders down 69%

TOKYO, Oct. 26.

FOREIGN ORDERS for Japanese ships fell to their lowest level for 15 years during the first half of the current financial year, the Transport Ministry announced.

During the six months from last April, foreign owners ordered only 761,000 gross tons compared with 2.45m gross tons in the same period last year—a drop of 69 per cent.

The Ministry said major factors behind the slump in what used to be a cornerstone on Japan's economic success included increased competition from countries such as Yugoslavia and South Korea and the yen's appreciation against the dollar.

The total backlog of foreign and domestic orders at Japanese yards had fallen to 5.87m gross tons by the end of September, compared with 10.29m tons a year previously.

Last July the Government recommended that Japanese shipbuilding capacity be cut by 35 per cent because of the worldwide slump in demand.
Reuter

British exporters urged to spend more on advertising

BY LORNE BARLING

PROMOTIONAL ACTIVITIES by British companies in Europe are falling badly behind when compared with the increasing inroads made by Continental countries in the UK, a British Overseas Trade Board conference in London was told yesterday.

Sir Frederick Catherwood, chairman of the board, pointed out that British companies spend four times as much on advertising in the UK as their French counterparts do in France, and suggested that a small switch in expenditure could make a considerable impact.

"It is essential that we accept Europe as part of our home market. We still have a colossal trade imbalance with these countries and we must realise that promotion is important," he said.

He pointed out that more than half Britain's exports of manufactured goods now go to Europe, but so far there had been no real breakthrough in that market. It was essential for UK companies to promote their image abroad, in conjunction with the normal requirements of reliable delivery times and service.

Mr. George Clare, group director of Axel Springer Verlag, the West German publishing group, said that advertising expenditure by West German companies in UK media had increased by 114 per cent between 1975 and 1977, while British advertising expenditure in Germany had declined by about 5 per cent.

"And if one could monitor below the line promotional expenditure as one can advertising, then the picture would most likely be the same," he said.

Mr. Clare said he believed Government sponsored promotion and advertising was needed to get across a more positive picture of British industry, which had an undeservedly bad reputation abroad.

"Corporate promotion on the country's behalf will create investment in the UK, more jobs and confidence in the products and services Britain wants to sell," he claimed.

Sir Nicholas Henderson, British Ambassador in Paris, said it was expected that UK exports to France would reach £3bn next year, compared with only £500m in 1975 and suggested that this performance would outstrip major competitors.

But there were still doubts about the performance of British industry, not in terms of quality, but on the ability to deliver. Moreover, Press advertising by West German companies in France far exceeded that of British concerns.

W. German rail freight rates to increase

By Adrian Dicks

Oct. 26.

THE DEUTSCHE Bundesbahn, West Germany's loss-making Federal Railways network, has announced that fares will go up about 3 per cent and freight charges by an average of 2 per cent next year.

At the same time, the management has forecast that net new borrowing in 1978-79 will amount to some DM 1.1bn, compared to DM10bn in the three years 1975-77.

There is likely to be little reduction if the accumulated debt of some DM 30bn. While the Transport Minister, Herr Kurt Gscheidle, warned in an interview last week that an operating subsidy of DM 14bn would be needed next year.

The Bundesbahn management is hoping for sizeable increases in revenues next year as a result of the price increases.

For the longer term, however, its hopes of achieving at least an operating profit must rest on the plans now under study by Herr Gscheidle's officials for separating operations from financial responsibility for maintenance of the network.

If this were done, the German Government feels the railways would be put on a more equal footing with lorry and barge traffic, and might then be able more effectively to compete with them.

Mitsubishi to build in Europe?

BY CHARLES BATCHELOR

AMSTERDAM, Oct. 26.

MITSUBISHI IS expected to decide next year whether to begin assembling commercial vehicles in Europe, according to the company's Dutch importer. Holland and Belgium are the most likely countries for an assembly plant.

Mitsubishi is convinced it cannot continue importing trucks into Europe because of high import tariffs and transport costs, according to Mr. Arthur Karl, managing director of the importer, Hart Nibbrig En Greeve.

But Mitsubishi Nederland would not confirm any knowledge of the plans. "I am surprised to hear such a rumour," Mr. K. Kinoshita, managing director of the firm, said.

Holland or Belgium would be the most logical choice for an assembly plant since Mitsubishi has built up a sales network in those two countries, Mr. Karl said. Sales of 3.5 to 5 tonne trucks began in August, 1977 after three years preparation, and deliveries have now topped 100 in Holland with slightly fewer in Belgium. It is also preparing to sell in Switzerland.

Transport costs become a major factor when large vehicles are shipped from Japan, while import levies of 2.2 per cent on trucks are also a disincentive, Mr. Karl said.

The harbours of Rotterdam and Antwerp provide good access to a large continental market. The costs of shipping completed trucks from the UK to the Continent makes Britain an unlikely choice for an assembly plant.

Mitsubishi would probably start assembling trucks in the 7.5 to 13 tonne range in Europe. But it is unlikely it would begin operations before the second half of 1980 at the earliest and this would depend on whether the imported trucks are completely or only semi-knocked-down.

Hart Nibbrig expects sales of Mitsubishi cars to reach 16,000 this year compared with 13,506 in 1977.

French car registrations improve

BY ROBERT MAUTHNER

PARIS, Oct. 26.

FRENCH CAR production and new registrations, which were running at well below last year's record levels in the early summer, picked up in September, according to the latest figures published by the French motor-car manufacturers' association.

In the first nine months of this year, new registrations of passenger cars were up by 1.4 per cent to more than 1.4m, compared with the same period in 1977, following a substantial jump of 5 per cent in September. Although production in September was still 5.7 per cent below the level 12 months ago, it was only 1.7 per cent less for the first nine months of this year, when nearly 2.3m cars came off French assembly lines.

Exports, which totalled nearly 1.15m over the nine month period, were down by 5.4 per cent from the same period last year, but are slowly beginning to pick up. In September, they were only marginally below those of 12 months ago.

The commercial vehicle and truck market remains depressed, but there are, nevertheless, some signs of improvement. While production of vehicles up to six tonnes was down by 3.9 per cent over the nine-month period compared with last year and by as much as 13 per cent in September, exports rose by 2 per cent and new registrations by 2.3 per cent in the first nine months of this year. In September, exports rose by as much as 14 per cent on a year-on-year basis, and new registrations by more than 10 per cent.

Similar trends are shown by the figures for trucks of more than six tonnes. While production continues at the same depressed level as last year, the decline in exports in September fell to 7 per cent from 17 per cent during the previous two months, whereas registrations rose by 2.3 per cent.

New registrations of all categories of foreign vehicles over the first eight months of this year totalled more than 294,000 out of a total of 1.48m registrations. New registrations of foreign passenger-cars during this period amounted to 282,600 out of a grand total of 1.58m.

Meanwhile, at the Motor Show in Birmingham, Fiat's car division Commercial Director, Dr. W. Fenoglio said his company plans to increase its share of the UK market from 4.6 per cent to 6 per cent by 1983.

UK motor parts mission to S. Korea

By Peter Cartwright

A TEAM of 25 senior executives from 14 major UK component suppliers leave on November 3 for S. Korea which is to quadruple output of its vehicle industry to 400,000 units in three years.

The Society of Motor Manufacturers and Traders mission represents a complete range of components needed to build cars and trucks. It will also help to establish in S. Korea the equivalent of the Motor Industry Research Association's facilities near Nuneaton.

British technology is already strongly established in S. Korea. Leading UK components makers helped to establish the original Pony car plant set up by Mr. George Turnbull, former BL managing director.

Finnish paper exports up

BY LANCE KEYWORTH

HELSINKI, Oct. 26.

FINNISH PAPER exports picked up markedly at the end of 1977 and growth has been maintained in the current year. Total deliveries (export and domestic) will probably rise this year to over 3m tonnes, which is near the total for the peak year of 1974.

This cheering news was announced by Finnpap, the Finnish Paper Mills' Association, the marketing organisation for all 18 papermaking companies in Finland, comprising 26 mills and 100 paper machines, and a total production capacity of 4.5m tonnes. Only three of the member companies market their products themselves and then only part of their output.

Finnpap's sales volume increased by 3.6 per cent in 1977 to 2.77m tonnes and in value by 17.1 per cent to FM 4.63bn (roughly £579m at the current exchange rate). Exports increased by 18 per cent in January-September 1978, but the increase for the year as a whole is expected to drop to around 10 per cent.

Actual consumption of paper in Western Europe grew at a rate of 3 to 4 per cent as demand increased but newspaper strikes in North America eased competition for newsprint and consumers started replenishing their stocks. As a result mills have been working at about 85 per cent of capacity, compared with 77 per cent in 1977. The demand for and supply of coated magazine paper is in balance and production capacity is fully utilised. For all other qualities there is spare capacity.

Looking ahead to 1979, Finnpap notes that exports should grow in pace with the increase in world consumption which, it is estimated, will be nearly the same as, or in some markets smaller than, this year. Thus, the growth rate of Finnish paper exports may decelerate somewhat.

DM 96m credit for Turkey

Turkey and West Germany have signed a credit agreement under which the Germans are to provide credit of Dm 96m toward construction of a hydro-electric power plant and dam in Western Turkey, AP-DJ reports from Ankara. The loan is part of the Dm 130m credits that West Germany has pledged Turkey this year within the framework of the European Consortium to aid Turkey. The credit is to be repaid in 30 years, and carries an interest rate of 2 per cent.

FT colour printing

The Financial Times has placed a 10-year contract with Hurriyet, the Turkish newspaper group, for printing colour inserts for the Financial Times newspaper to be printed next year in Frankfurt by Frankfurter Societats-Druckerei. The colour inserts will be printed at the Hurriyet plant in Frankfurt using colour printing equipment purchased from Creusot-Loire of France.

MIDEAST INDUSTRY

Saudis push ahead with Yanbu complex

BY JAMIE BUCHAN IN JEDDAH

THE RECENT award of a contract for the construction of a cross-country natural gas liquids pipeline has shown that the Saudi Government has every intention of pushing ahead with plans for hydrocarbon-based heavy industry despite widely voiced doubts as to its economic wisdom.

The contract, for a buried steel pipeline to run right across the Arabian peninsular from the Ghawar oilfield in the east 1,200 km to the Red Sea coast, was let without announcement in August to Techint Saudi Arabia, a construction concern based in Argentina but 70 per cent owned by Italian interests.

It represents a breakthrough for Argentina into the Saudi construction market and amounts to $100m according to the Jeddah weekly, Saudi Business. The order was awarded by Aramco which has been designated by the Saudi Government to manage the $14bn gas gathering system on which the long term industrial future of Saudi Arabia is seen to rest.

For the NGL carried through the 26 to 30 in pipe will provide both energy and feedstock for the vast industrial complex planned for Yanbu, 350 km north of Jeddah.

Under the gas collection system, gas associated with crude deposits in the Ghawar Field, at present burned off, will be piped to processing plants under construction at Shedgum and Uthmaniya and separated into "wet" and "dry" streams.

Initially the Shedgum plant will pump between 270,000 and 300,000 barrels a day of wet NGL to Yanbu where they will feed a gas fractionation plant.

This plant will process the gas into ethane feedstock and fuel for a vast petrochemical plant; natural gasoline for export; refrigerated butane and propane for export; and other gases for fuelling desalination plants, a crude export refinery, a domestic crude refinery and whatever the future may hold by way of heavy industry based on the mineral resources of the Hejaz.

Infrastructure and construction costs for industries already planned at Yanbu exceed $10bn. About $1bn in infrastructure work has so far been parcelled out in 33 projects and an eight year Yanbu management contract was signed last May and is believed to total $1.1bn alone.

Tenders for the NGL line were submitted to Aramco over a year ago but it was not until June this year and the Saudi Ryals 130bn State Budget that the major yanbu projects appear to have received official sanction. These include the $400m Abqaiq-Yanbu crude pipeline which depends on the NGL line for power to drive its pumping turbines, the fractionation plant for which bids were taken at the end of July, and the 450,000 tonne a year ethylene based petrochemicals plant, a 50-50 joint venture between the Saudi basic Industries Corporation (SABIC) and Mobil.

Although it not known whether the plants are budgeted this year, the June decision was a crucial one. At the time there were serious doubts in Riyadh that crude export revenues, hit by the decline in the value of the dollar and a dull market, would cover advance payments for the pipelines without hindering other areas of development.

The crude line and hence the NGL line that powers it are strategic priorities because the Yanbu crude export terminal—which will have a capacity of 2.35m barrels-a-day at first—will relieve the kingdom of denpendence on a single and vulnerable outlet in the Gulf.

But the NGL facilities remain in limbo, although it is significant that the gas gathering work, which some industry sources believe will ultimately cost $20bn, was two weeks ag given an unprecedented access to the State reserves when a royal decree ordered the transfer of Saudi Ryals 2.2bn.

Over and above any doubts they may harbour about the market future of Yanbu production, both Saudi technicians and their American partners are concerned at the time slippages. Last year Aramco planned the completion of the NGL line, the fractionation plant and the export terminal to coincide with the commissioning of the Uthmaniyal processing plant in January, 1981. But privately a source close to the Royal Commission responsible for Yanbu doubted whether the fractionation could be ready before mid-1982 and the pipe before Mid-1981.

Above all, the petrochemical joint venture looks even more distant since it is believed to depend on the provision of guaranteed oil supplies to the U.S. partner as a hedge against losses on the project.

But final agreement on the first of the kingdom's eight planned petrochemical plants, a joint venture with Shell for an ethylene-based complex at Jubail on the gulf, is at least four months away, according to a recent statement to Saudi Business by the head of SABIC.

No decision on the plant can be made until the Supreme Petroleum Council hands down a decision on the oil entitlement, he said. Shell is believed to be holding out for 200,000 bd and the other interested foreign companies, which include Mitsubishi of Japan, Exxon and Dow Chemical are reported to have the same idea.

Hazards facing the prophets

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT'S surveys of investment intentions have had a fairly good record in predicting the direction of change, though they have tended to overestimate any eventual rise in spending and underestimate any decline.

The record is shown by a review of the Department of Industry's surveys published in today's issue of Trade and Industry magazine.

Surveys are made three times a year and information is sought for two years ahead, so that intentions for any one year are collected on six occasions.

The analysis shows that the later surveys are, as might be expected, a more reliable guide to the outcome than the preliminary inquiry, though the first indications have generally pointed at least in the right direction.

An exception was the recession year of 1975 when the preliminary inquiry had indicated little change and the third survey even projected an increase. But the view changed in early 1975 when the actual outcome of a large decline in spending was accurately projected.

The Trade and Industry article notes that outcomes have often been affected by policy changes and other developments which were unknown to contributors when they made their returns.

When returns were made in November 1973 for the preliminary 1975 forecasts the colour TV boom was at its height, but the boom was checked soon afterwards by Government measures in December 1973.

Various unforeseen developments contributed to the recession in 1975, and as a result investment was appreciably reduced. Developments of this kind usually have a greater effect on expenditure by the distributive and service industries, which tend to react fairly quickly to changes in the economic climate.

Windscale may use new French process

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN MAY licence a French process for solidifying the highly radio-active residue from reprocessing spent nuclear fuel, in what could be the UK's first decision to import overseas technology for its nuclear energy programme.

It needs such a proces for its new £600m reprocessing plant at Windscale, approved by the Government last spring after a public inquiry.

Half of the initial workload of this plant is expected to come from overseas customers under contracts which require the customers to take back the solidified waste.

French estimates suggest that the cost of a plant to turn the radio-active acid waste from a large reprocessing plant into glass could be about £60m.

A decision whether British Nuclear Fuels will install its own Harvest process, originally developed at Harwell, or the French AVM process for its £30m pilot vitrification project at Windscale will be made next year, says Mr. Con Allday, its managing director.

The West Germans and Belgians have already decided to licence the French process, first demonstrated on radio-active waste last July. Provided it continues to perform well, the likelihood is that Britain too will want the AVM process.

Senior British Nuclear Fuels engineers will visit Marcoule next week to see the first major maintenance operation on the highly radio-active plant.

The final decision on which process to install in the pilot glassmaking facility under construction at Windscale will probably involve three parties — British Nuclear Fuels, the Central Electricity Generating Board and the Department of Energy.

Energy review, page 27

EEC cuts another 6p off price of butter

By Richard Mooney

THE COMMON Market Commission is to play Santa Claus to British housewives again this year by cutting another 6p a lb off the retail butter price.

The UK butter price is already being subsidised by 6½ a lb as part of the general EEC subsidy. But this is due to come down to 5p a lb from January 1 and will be phased out by April 1. The Christmas bonus is expected to *come into effect from mid-*November and should last eight to 10 weeks.

The Commission originally proposed two options for member countries: a 21½p a lb subsidy on 17,000 tonnes of butter for each country; or 10p a pound on 38,000 tonnes.

Satisfied

The second option was available only for domestically produced butter. But Britain's special position as the Community's only big importer prompted the Danes and the Irish—suppliers to the UK market—to say that the British subsidy should apply to supplies from all sources.

As a result a 6p a lb subsidy will be granted on 51,000 tonnes of Community (including home produced) butter and an equivalent reduction will be made on 17,000 tonnes of New Zealand butter

Nepal £10m order for ships goes to Sunderland yard

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

A £10m order was announced yesterday by Austin and Pickersgill for two of its highly-successful standard SD14 cargo ships—the first contracts announced for vessels of this type for almost two years.

The ships are for the Royal Napal Shipping Company and will be the first vessels in the landlocked Asian country's fleet. They will use Indian ports.

Mr. Derek Kimber, managing director of Austin and Pickersgill, said he had signed another SD14 order within the last week

The ships for Nepal and the other orders in the pipeline, however, would do no more than compensate the Sunderland yard for contracts cancelled by other shipowners. "We are running hard to stay in the same place."

One of the Nepal ships is a transferred contract, but the second is a completely new order which has been financed with assistance from the Government's £85m shipbuilding intervention fund.

This is the first time that Austin and Pickersgill, which prides itself on being price competitive with any yard in the world, has made use of the fund.

"This is a sad day from that point of view," Mr. Kimber said. "But it is inevitable when shipyards all over the world aregetting Government help to cut prices."

Energy consumption steady

BY KEVIN DONE, ENERGY CORRESPONDENT

BRITAIN'S energy consumption has risen only marginally so far this year and is still well below the peak level reached in 1973, according to figures from the Department of Energy.

Of the primary fuels, only petrol has shown any increase in demand over the three months from June to August compared with the same period last year. Petrol consumption was up by 4.6 per cent during the three months, while coal consumption fell by 3.1 per cent, demand for natural gas fell by 3.9 per cent, and nuclear electricity consumption dropped by 6.8 per cent.

Total output of oil products from June to August was 21.1m tonnes, an increase of 3 per cent, over the same period last year.

Demand for all principal refined products rose in the three months compared with last year, with the exception of naphtha—used chiefly as a chemical feedstock—which fell by ten per cent. Deliveries of petrol were 7.7 per cent up and diesel fuel consumption was 5.9 per cent up.

In spite of the introduction of the coal miners' productivity scheme, deep-mined coal production in the first nine months of the year fell marginally by 0.7 per cent compared with the first nine months last year.

This has been offset by the output of an additional 500,000 tonnes of open-cast coal, which has pushed up total nine-months' coal production by 0.5 per cent.

Key to £3bn market

BY OUR SHIPPING CORRESPONDENT

VOSPER - THORNYCROFT has produced a new patrol boat design which it sees as the key to attacking an export market estimated at £3bn in the next 10 to 15 years.

Vosper also hopes that the Navy will consider buying the Vigilance-class boat as part of its replacement programme for obsolete Ton-class vessels.

The Vigilance will be officially shown for the first time next month at a British trade exhibition in Mexico, where the British Shipbuilders patrol boat group—comprising Yarrow (Shipbuilders), Brooke Marine and Vosper—is making one of its biggest marketing pushes of the year.

Admiral Sir Anthony Griffin, the British Shipbuilders chairman, visited Mexico recently and there are hopes of substantial orders in both the military and merchant ship fields.

MPs call for Ministry of Broadcasting

BY IVOR OWEN, PARLIAMENTARY STAFF

A MINISTRY of Broadcasting, with responsibility for radio, television and the whole field of telecommunications, is recommended by the Commons Select Committee on Nationalised Industries in a report published yesterday.

Like the Annan Committee, the select committee regrets the demise of the Ministry of Posts and Telecommunications in April 1974, when control of broadcasting, together with the sponsorship of the IBA, was transferred to the Home Office.

The 15 MPs from all parties who form the select committee question the suitability of the Home Office for these responsibilities and urge that they should be brought within a single special Department.

While praising the work of the Independent Broadcasting Authority, the select committee also recommended that as the commercial radio system neared national coverage, franchises should be opened up to competition, with local newspapers no longer having a prescriptive right to share in the equity of local radio companies.

Irritation with the Home Office features prominently in the report, primarily over the delay *in producing the White Paper on* the future of Broadcasting—eventually published on July 26, the day on which the committee's report was sent to the printers.

As the select committee feared, a number of its recommendations were anticipated by the White Paper and, so far as local radio is concerned, others were overtaken by this week's Home Office announcement authorising 18 new stations, divided equally between the IBA and the BBC.

Dealing with the award of future contracts in a commercial radio system of near national coverage, the select committee suggests that application and renewal procedures should be more strictly applied, to aim at a good standard of service suited to the tastes of British listeners.

Bankruptcy warning from BBC chief

BY MAURICE SAMUELSON

THE BBC would be bankrupt by February or March, Mr. Alasdair Milne, BBC TV managing director, said yesterday. By then, the present £12m deficit could reach £30m, its permitted borrowing limit.

The main problem was uncertainty over the BBC's application to raise the joint radio and colour television licence from £21 to £30 a year for the next three years. The rise would give a needed £100m boost to annual income and wipe out the accumulated deficit, Mr. Milne said.

The Government would not let the BBC go bankrupt, but the Home Office's attitude towards the request for more money had been "obscure"

Because of the financial difficulties, vital employees were leaving for independent television or private companies which paid higher salaries.

The video tape cutting department was 20 per cent understaffed, and some programmes due for transmission early next year might not be ready on time.

The Home Office said last night that it understood the BBC's difficulties and talks were continuing about the new licence rate. The last licence rise — from £18 to £21 — had been introduced at the end of July last year and was to be for at least a year.

The BBC's problem had been partially offset by the "dramatic increase" in colour television licence holders, now estimated at 11½m. Every additional 100,000 colour television licences brought the BBC another £1m.

Shirt industry predicts boom year for sales

BY RHYS DAVID, TEXTILES CORRESPONDENT

BRITAIN'S MEN have picked up the shirt-buying habit again and look like presenting the industry and retailers with one of their best years for sales for some time.

Sales were up 16 per cent in volume in the first half of the year over the same period last year, and have continued to run strongly since the summer.

With the second half traditionally accounting for about 60 per cent of the year's total sales, the industry is forecasting that purchases this year could reach about 86m.

This would still be down on the sales of 93m in 1974 and 96m in 1975, but would represent a substantial improvement on the very poor sales of only 71m last year and 79m in 1976.

Partly because of tighter restrictions on imports from low-cost sources, which account for more than two-thirds of the market, much of the benefit of the increase in sales has evidently been going to domestic manufacturers. In the first six months of this year, imports of woven shirts actually fell by 5 per cent.

Fenton photographs find mixed reception at sale

SALEROOM

BY ANTONY THORNCROFT

THERE WERE mixed fortunes for Christies, South Kensington, sale of photographs yesterday.

The main item, a portfolio of 226 photographs taken by Roger Fenton in the Crimea and still in their original edition, was bought in at £12,000, while individual photographs by Fenton were fetching very high prices. The sale totalled £75,065.

The Fenton portfolio, perhaps the most comprehensive collection of Fenton's Crimea War photographs in existence, was estimated to go for between £15,000 and £25,000. Ironically eight individual photographs by Fenton sold for about £12,000, so the owner of the album must be tempted to split it up and sell off the best items separately.

A view of the churches of the Kremlin by Fenton sold for £5,200 and the only known nude study by the photographer made £3,600, as against a £300-£500 estimate.

Two more views of Moscow each sold for £2,800. There was a high price of £1,300 for a Julia Margaret Cameron study, The Dream, and a portfolio of 40 photographs of celebrated Victorian scientists was bought by the National Portrait Gallery for £1,250.

The other major item, Life and Landscape on the Norfolk Broads, also failed to find a bidder beyond £8,000.

There was a striking price of £160,000 paid by Seymour of London for a pearl and diamond stomacher brooch of around 1910. It went for double its estimate, and was the highlight of a Sotheby's jewels auction which totalled £381,730 with less than 1 per cent bought in.

An unmounted emerald of 7.65 carats made £60,000. According to family tradition the emerald was given by Queen Elizabeth I to William Strickland, and was sold yesterday by a descendant.

Silver totalled £34,085 at Sotheby's with a best price of £1,600 for a George III vegetable dish and cover by Paul Storr. In the book sale at Chancery Lane a copy of the Holy Bible, designed by Bruce Rogers in 1935 and limited to 200 copies, was sold for £2,900.

At Sotheby's PB 84 saleroom in New York a record auction price for a Berlin plaque of £7,940 was the highlight in a Victorian auction which totalled £339,158, the highest total for this saleroom.

HOME NEWS

UK likely to hold Nigeria tax talks

BY DAVID FREUD

UK TAX officials are likely to fly to Nigeria in the New Year for talks on a new double-taxation treaty

Nigeria said last June that it was revoking its tax agreements with nine countries including the UK, from next April 1. At the same time it introduced a heavy remittance tax—to take effect from the end of the tax agreements—on foreign airline and shipping companies.

The tax, a 10 per cent levy on cash remitted out of the country, has the greatest impact on companies which sell services in Nigeria, but whose expenses are incurred abroad. This is the case with foreign airlines, such as British Caledonian.

British Caledonian is understood to have pressed the Inland Revenue to renegotiate the agreement as a matter of urgency because of the 10 per cent levy. Exemption from it is high on the UK negotiators' list of priorities.

Credits

One of the concessions the UK is likely to be prepared to offer is matching credits. This means the UK will allow for Nigerian tax incentives to encourage British companies to invest when assessing these companies' tax liability in the UK.

The old agreement dated from 1947 and the Nigerians said they were revoking it because it was inherited from the colonial period

The new agreement is likely to be based on the Organisation for Economic Co-operation and Development model treaty, and will probably deal with such matters as dividends, interest payments and royalties, which were excluded from the original agreement.

Nigeria is the UK's eighth biggest export market, the largest outside Europe and the U.S., so it will set precedents for Britain's tax relations with other developing countries.

It is not known how long the renegotiation will take. After the first set of talks in Nigeria in the next few months, there will probably be a second set in London in spring or summer, and further meetings may be necessary.

September fire damage costs up to £30.8m

BY ERIC SHORT

FIRE DAMAGE costs last month soared to the almost record level of £30.8m, according to the British Insurance Association.

The figure has been exceeded on only four occasions over the last five years: the month which included the Flixborough chemical plant disaster and the three consecutive months covering the firemen's strike.

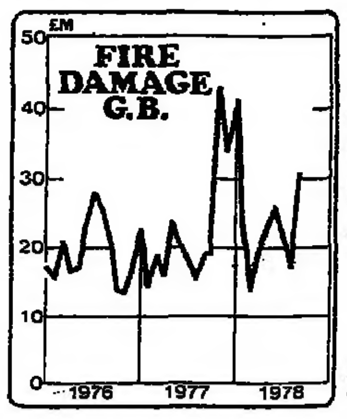
Last month's fire damage costs were nearly double those for August and more than £12m higher than in September last year. Costs over the first nine months of this year amounting to £216.9m are more than 30 per cent higher than those over the corresponding period last year.

The costs last month were affected by four big fires: one at a warehouse in the North-West where damage was estimated at £4½m, and three other fires where damage in each case exceeded £1m.

There were 16 other fires in which damage costs were more than £250,000 and a further 50 where the cost was at least £35,000.

The Association noted with concern that included in this last group were 32 fires at places used by the public such as shops, schools, social clubs and theatres

The high fire damage costs were announced at the same time as the Central Fire Liaison Panel announced its plans for the National Fire Safety Week, which starts on Monday. The aim of the campaign is to alert the nation to the increasing threat from fire and the slogan for the week will be "Stop Britain Burning."



Mr. John Williamson, chairman of the panel, said the stark facts about fire spoke for themselves. There were 50,000 fires each year in private homes which caused 700 deaths and 45,000 fires at places of work causing a further 100 deaths.

Such statistics meant many human tragedies, many economic disasters and a wholly unnecessary loss to Britain's economy.

The campaign would call the attention of executives, managers, foremen and employees in particular to the dangers of fire, its most frequent causes and to methods of minimising fire risks.

Job cuts 'will not make port viable'

By Ian Hargreaves, Shipping Correspondent

THE PORT of London will not be financially viable after the redundancy programme at the upper docks, according to a joint union-management target plan agreed recently.

The plan, which is now being considered by the Government, says that manpower reductions of 1,489 jobs are estimated to produce a saving in current costs of £6.6m in 1979 or £8.7m in a full year.

Preliminary indications were that these savings would reduce the rate of loss, but "still leave a significant gap to bridge in restoring viability." The Port of London Authority lost £8m last year.

The plan makes the first steps in suggesting how the authority should be financially reconstructed to put it on a permanently healthy footing.

It says the Government must meet the cost of the 1,489 voluntary redundancies — more than a quarter of the upper docks workforce.

It should also write-off past debt of London port employers and there should be a "substantial reduction" in the 8 per cent severance levy currently borne by London port employers under the terms of the National Dock Labour scheme.

Implemented

This theme will be developed further in a five-year corporate plan on which the PLA is now working. Future instalments of the plan will be discussed with trade unions before they are implemented.

Other points detailed in the plan are:

● The PLA should be relieved of non-commercial costs, such as maintaining certain locks.

● Efforts must be made to reduce charges at the port, which studies have shown to be among the most expensive in Britain.

● There should be a review of non-PLA charges, such as towage fees.

● Alternative job opportunities should be sought in the fields of warehousing, container repair and cold storage.

● Capital investment will be needed to expand facilities for handling unitised and specialised cargo.

● If success is achieved in improving the port's performance, total port traffic will grow from 51.3m tonnes in 1978 to 55.3m tonnes in 1983. Conventional traffic is forecast to increase from 1.8m tonnes to 2m tonnes.

For the plan to proceed, Mr. William Rodgers, the Transport Secretary, has to agree to release the first portion of the £35m promised in July to cover severance costs. This sum would be available, he said, upon receipt of a costed union-management plan designed to lead the port towards viability.

Record crowds boost NEC as motor show site

FINANCIAL TIMES REPORTER

THE MOTOR SHOW appears to have a long and secure future at the National Exhibition Centre, near Birmingham, following another day of record attendances. By 5 pm yesterday 95,028 visitors had pushed the running total well past the 500,000 break-even point to 634,261, and within sight of previous show records in Paris and Frankfurt.

The show has been open seven days and has three left to run.

Its organisers' priority was to recoup the £2m spent on promotion. This was achieved on Wednesday.

Exact comparisons with the Earls Curt Motor Show are impossible because this show includes, for the first time, commercial vehicles which attracted 100,000 in the mid-1960s when Earls Court was establishing a record 660,257.

But it is accepted that the NEC will be a bigger success than both shows, in numbers and business inquiries.

The 210,000 visitors in the first weekend, when 800 "park 'n' ride" buses were bringing in carloads of people almost overwhelmed the administration.

Business rather than numbers is the major concern of exhibitors. Here the reaction is less encouraging, although there have been several surprises. Aston Martin, the specialist car maker, had been reluctant to show, but reported it had sold the whole of next years production. Commercial vehicle producers have been announcing big contracts, some running into well over £1m for buses.

But a number of body-builders and other specialists complain that the crowds are preventing people they really want to see from getting to them. Some of them would like to see the commercial vehicle section again divorced from cars.

A compromise that will be discussed is to have a trade day for commercial vehicles. This would not be opposed by the component and accessory makers who have to appear at all shows and argue that separate shows would involve them in unnecessary ex-

● Car production in Britain in the five weeks to the end of September was 107,493—8 per cent below the September figure last year, according to the Department of Industry. The Ford stoppage towards the end of the month was a major factor in the reduction.

Home society chief forecasts fewer mortgages next year

A MORTGAGE could be even more difficult to get next year than it is now, said Sir Oliver Chesterton, Chairman of the Woolwich Equitable Building Society yesterday.

He said that a 20 per cent rise in house prices next year would mean that total mortgage lending would have to rise to £10,500m just to supply the same number of people with home loans.

"I have doubts that this can be achieved. By implication, mortgage rationing would be even tighter than now. That is another reason why I think that house prices are not going to run away. My guess would be that price increases will settle somewhere around 15 per cent per annum."

Lending is restricted now by agreement with the Government to £640m a month—£7,680m a year.

Figures from the Woolwich yesterday showed that in the last year, house prices have risen on average by 17.9 per cent. In some areas, however, the rises have been substantially higher.

In the South, a new house is 31.9 per cent up on the year, and in Northern Ireland 35.7 per cent up. In the West, new houses are up by 24.2 per cent and existing houses by 26.8 per cent.

Sir Oliver also joined the growing chorus of building society opposition to the Government's mortgage lending restrictions. "The restraint has had little or no impact on prices in the market place."

The restrictions could have hurt those whom they were designedto help most—the first-time buyers

"If the market is kept short of funds and news gets around that mortgages are very difficult to obtain, the first-time purchaser loses. This is because residents of houses at the less expensive end of the market decide to stay put and improve their properties by the addition of bedrooms, kitchen extensions and the like. Thus perhaps, they elevate the status of those houses from a first-time purchase house to a second-time purchase house.

"I put forward these arguments because history proves that interfering with the delicate mechanism of any market quite often produces an effect quite the opposite of that intended."

Sir Oliver did, however, have some good news on the mortgage rate. The present building society interest rate structure—6.7 per cent to investors and 9.75 per cent on mortgages—had proved "increasingly viable," and funds were coming in well.

"As far as the next few months are concerned, I do not believe that at the moment, there is any good reason for increasing our investment rates and thus the mortgage rate."

Church investment income rises £3.7m

BY JAMES McDONALD

CHURCH OF ENGLAND Commissioners' income, from all sources—investments and rents—rose by £3.7m to £46m in the financial year to the end of March.

The total income had risen over the year by 8.7 per cent, the annual meeting of the Church commissioners was told yesterday.

Of the £46m income, 61 per cent had been spent on clergy pay, 18 per cent on clergy and widows' pensions and 10 per cent on clergy houses, a total of £41m, or 89 per cent of total income.

The introduction to the annual report points out that the income from the commissioners' assets rose by 8.4 per cent against a background of continued dividend restraints and lower interest rates.

"This rise has to be set against the rate of inflation over the year: the annual rate of which had, by March 31, 1978, fallen to 9.1 per cent."

But inevitably, the main part of the task of improving clergy stipends in real terms "has fallen, and must fall, on Church members.

"Nonetheless, the commissioners still meet well over half the clergy stipends bill and this remains their main responsibility."

One of the encouraging features of the year was that there had been worthwhile increases in clergy pay, coming into force on April 1.

The minimum stipend for a rector or vicar was increased by 14 per cent to £2,900 a year, and increases of up to 20 per cent were given to assistant curates.

The basic pension for a rector or vicar has been increased by 37 per cent over the last two years and at £1,450 a year, equals half the minimum stipend.

Sir Ronald Harris, First Church Estates Commissioner, said that the commissioners, with £300m worth of shares, would continue to invest in companies with South African interests.

Although the commissioners' share portfolio did not include companies dealing wholly or mainly with South Africa, it did take shares in large companies with small interests there.

Sir Ronald said that he had spent two months in South Africa this year trying to form an independent view of the issue Talking about the investments, he said:"These are large companies with small investments in South Africa and we are not trying to influence them to come out of South Africa.

"We feel the enlightenment they can bring does more than anything else to influence the people of South Africa for the better."

Plaid MPs might abstain in Queen's Speech vote

By Robin Reeves, Welsh Correspondent

THE INTRODUCTION of a pneumoniconiosis compensation scheme for disabled north Wales slate quarry workers may prove crucial to the survival of Mr. Callaghan's Government when Parliament reassembles next week for the Queen's Speech debate.

Mr. Dafydd Elis Thomas, Plaid Cymru MP for Merioneth, said yesterday that he and the other two Plaid MPs might well feel forced to at least abstain in the decisive Queen's Speech vote unless there was a commitment by the Government to introduce a compensation scheme.

Mr. Thomas is regarded as the Welsh Nationalist most sympathetic to the Labour Government. But Mr. Callaghan is clearly counting on the support of all three Plaid MPs to sustain his minority Government into a new session.

His warning came after a visit by Mr. Harold Walker, junior minister at the Department of Employment, to the slate quarrying town of Blaenau Ffestiniog this week to discuss the problem, which has become a hot political issue in north Wales over the last four years.

Mr. Walker had been widely expected to announce the go-ahead for a scheme, which would cost between £4m and £5m a year. But the minister went no further than to say the problem was still being identified and the cost assessed.

Both the Labour Party and the two Plaid MPs who represent the slate quarrying areas, have been campaigning for a scheme akin to the Coal Board's pneumoniconiosis compensation for disabled coalminers and their families.

The campaign was given fresh impetus earlier this year by the failure of the Pearson Commission on civil liability and compensation for personal liability to come up with a solution.

It triggered the biggest demonstration seen in north Wales for many years and a 25,000 signature petition calling for justice for disabled quarrymen.

The Government's reluctance to meet the demand undoubtedly stems partly from the worry that aid for disabled quarrymen could open the way for similar claims on public money from other groups, such as pottery, foundry and asbestos workers, who are also prone to respiratory lung diseases associated with their industries.

Ministers have said that the Coal Board scheme is essentially an arrangement worked out within the industry and that other industrial groups should do likewise.

But in North Wales, the position of disabled quarryworkers has been complicated by the fact that the industry has contracted sharply, and many of the slate companies which used to employ them no longer exist.

Rail buffet prices to be cut

BY OUR TRANSPORT CORRESPONDENT

BRITISH RAIL is to cut the price of its buffet car food and drink from Monday.

Some items will be reduced by 10 per cent, after a successful experimental price-cutting exercise

The experiment produced net revenue increases of up to 30 per cent, but there is unlikely to be any reduction of the £2.6m loss incurred by Travellers Fare last year.

Sir Peter Parker, the railways chairman, has said that he regards train catering as worth spending money on—even though it loses money.

His policy has been to control prices and improve the quality and variety of food. Next year, the service will also benefit from the arrival of 28 new £100,000 buffet cars.

London Transport has announced details of its plan to get rid of "ghost journeys" in the capital—where buses fail to appear according to timetable.

Under the second stage of its bus plan, which takes effect from tomorrow, there will be changes on over 150 routes.

The aim is to match services more closely to available resources of vehicles and manpower, by cutting advertised services in some cases.

Overall, London Transport's aim is to increase the level of bus services, but a manpower recruitment drive has been only partially successful.

Under the plan, there will be several new routes, route extensions and diversions. Many timetables will be changed to introduce more easily-remembered timings.

Brick output up, but below last year

Financial Times Reporter

BRICK OUTPUT in the three months, July to September, was 4 per cent higher than in the previous three months, but 5 per cent lower than in the same period of last year, according to Department of Environment statistics.

Cement deliveries—also seasonally adjusted and allowing for working day variations—were 3 per cent higher in the period July to end-September than in the previous three months and were also 3 per cent higher than in the same period of last year.

Output of clinker was 4 per cent lower than in the previous quarter but 2 per cent up on the July-September period last year.

Brick output last month totalled 430m and deliveries amounted to 467m. Stocks fell from 661m to 624m during the month, representing about six weeks of present production.

Big changes predicted in beer trade review

BY PAUL TAYLOR

BIG STRUCTURAL and marketing changes in the UK brewing industry are forecast in a review of the industry published today.

A detailed review prepared by City analyst Mr. Colin Mitchell for Buckmaster and Moore, the stockbrokers, predicts a brighter future for the industry, but says that this may involve radical changes.

Among the main predictions made by Mr. Mitchell are: Up to 30 independent brewers will disappear in the next seven to 10 years unless their marketing outlook changes; over capacity in the industry, and particularly within the lager sector, will force brewery closures; population changes will result in the closure of 5,000 pubs by 1985.

Mr Mitchell said that independent brewers must adapt rapidly to the changed market if they are to avoid closure or takeovers, and that the six big companies will be forced to shut some breweries because of over capacity.

Capacity in the beer industry now outstripped production by about 50 per cent and, while the prediction of a 22 per cent increase in beer consumption by 1985 was "realistic," there would still have to be some brewery closures.

Mr. Mitchell expected taxation on all forms of alcoholic drink to rise but suggested higher taxation could be introduced without seriously affecting consumption.

The "archaic UK licensing laws" caused unfair competition between public houses on one hand and free trade outlets and off-licences on the other.

Mr. Mitchell said that he was "more optimistic" about the future of the industry than he had been at any time during the last five years.

BP makes new gas find in North Sea

BY KEVIN DONE, ENERGY CORRESPONDENT

BRITISH Petroleum has made a gas find in block 3/30 to the north-west of the Frigg Field, one of the biggest gas fields discovered in the North Sea.

But the company said yesterday that mechanical problems had prevented a full evaluation of the well, and further drilling was not planned for the present.

The well, 3/30a-2A, is thought to be one of the deepest yet drilled in the North Sea. It was sunk to 17,765 feet by the rig Sedco 707. Some gas was discovered towards the base of the well.

It was drilled as part of a farm-in arrangement made by BP and the British National Oil Corporation in January to give them a share of the licence covering blocks 3/30, 4/21 and 4/26.

As a result of this work BP has a 37.5 per cent interest, and BNOC a 12.5 per cent interest. Other shares are held by the LSMO group, 25.5 per cent, Ranger 20 per cent, and Canadian Pacific Oil and Gas 4.5 per cent.

The BNOC interest in the well was carried by BP as part of the farm-in agreement. But BNOC must decide whether it wishes to take up or relinquish the interest when the results of the initial exploration and delineation are known. Blocks 4/21 and 4/26 are part blocks alongside the median line with the Norwegian sector.

Prize for aircraft design

By Michael Donne, Aerospace Correspondent

A £2,000 prize is being offered by the Royal Aeronautical Society for the best design of a light aircraft suitable for training and club use which could be manufactured commercially in the UK.

The society's light aeroplane group hopes to encourage renewed interest in light aircraft technology, design and manufacture in this country and the competition is intended to bring forward design talent so that, in the long term, manufacture of light aircraft could be restarted here.

Donations for the prizes have been made by British Aerospace, British Airways, British Caledonian, British Island Airways, Dowty Group, the Guild of Air Pilots and Air Navigators, Mr. C. F. Hughesdon, the Royal Aeronautical Society, Shell (UK), Smiths Industries and Thomson publications.

The first prize, at least £2,000, will be awarded for the best design that shows both technical improvements over existing types of light aircraft and the simplicity essential for cheap manufacture.

A secondary prize will be awarded for the best entry from competitors under 25 years of age. Entries must be made to the society by April 2 next year.

● Mr. Peter Cadbury, chairman of Air Westward, launching an Exeter-Brussels service yesterday, said that the airline was operating at 75 per cent capacity and new, bigger aircraft and a new base were under consideration.

GLC homes transfer scheme approved

THE ASSOCIATION of District Councils will today tell the Greater London Council that it has approved a scheme to transfer 25,000 GLC council homes to district council control.

Details of the transfer were revealed yesterday by Councillor Ian McCallum, vice-chairman of the Association's policy committee, who said the GLC would be told of the decision.

It will be a major success for the Conservative-controlled GLC which suggested the transfer earlier this year.

Discussions since then have centred on the three main problems of financing, staffing and the share-out of house vacancies.

Last night Councillor McCallum said that "not entirely without difficulty we have managed to hammer out arrangements which will provide a fair basis on which the transfers can take place."

Under the agreement, the GLC will have a restricted right to place some of its own tenants in the houses for up to 10 years. It will also be responsible for any significant loss on the estate accounts for five years.

The agreement is still subject to formal GLC approval and to the approval of individual district councils all in the south.

Final approval for the scheme will have to be sought from Parliament. Transfer date had originally been set for April 1, but following difficulties over reaching a similar agreement with the London boroughs the GLC recently set back the date to October, 1979.

New talks begin on vandalism

EFFORTS BY the Government, industry, police and other groups to combat vandalism will be reviewed at a conference to be chaired by the Home Secretary, Mr. Merlyn Rees, in London on Tuesday.

A recent report by the Government's Central Policy Review Staff, representations by local councils, planners, architects and others and the results of a similar conference in April, 1977, will be studied.

Tory MP opens attack on devolution

By Our Welsh Correspondent

THE PROPOSED Welsh Assembly was described yesterday as "a monster" which would create tensions within the United Kingdom, render Welsh MPs powerless in Westminster, and weaken local government.

Firing the opening shots of the Conservatives' anti-devolution campaign, Mr. Nicholas Edwards, Opposition spokesman on Wales, accused Welsh Assembly supporters of attempting to confuse the electorate by injecting patriotism and prejudice into the argument.

"What we have to decide is not whether we love our country, but whether the Wales Bill, a product of political expediency and cowardice, is a measure that deserves support," Mr. Edwards, MP for Pembroke, said at Porthcawl.

He accused Plaid Cymru of waging a dishonest campaign and added: "If we care at all for our country, if we love Wales, we will have nothing to do with this monster. We will throw it out, and kill it stone dead."

Another boom year but problems loom

BY DAVID FREUD

THE economic boom should proceed for at least another year, according to Mr. Walter Eltis, an economics don at Oxford University, in a circular issued by City stockbrokers Rowe and Pitman, Hurst-Brown.

However, there were too many areas of concern for real confidence that the UK will "move to the easier territory where output and productivity are higher and the balance of the economy is restored."

The main areas of concern were the balance of payments, a possible wages explosion, overheating of the economy forcing the Government to halt expansion, and financial mismanagement which could have the same effect.

On balance, Mr. Eltis expects the balance of payments to jerk along from month to month and inflation to rise, but not to a rate which will be out of line with the monetary targets.

There would be shortages of skilled labour and plant, but not lethal ones, and the financing of the Government's deficit would proceed in fits and starts but without immediate disaster.

In the meantime, investment and exports and private consumption should all maintain their rising trends and keep the economy moving upwards.

City stockbrokers Buckmaster and Moore say that although interest rates are high and look attractive by comparison with the UK's inflation rate, there is still a good chance of interest rates rising.

Government borrowing was still rising sharply, showing that the Government's tax and expenditure policies were becoming more and more expansionary. At the same time the Government wanted to borrow more funds, as did industry.

This was putting strong pressure on interest rates, as the Government attempted, as it did in 1974, to "crowd out" private industry in the battle for funds.

The pressure on interest rates would ease only when economic activity in the UK had dropped off, producing a decline in the private sector's demand for funds.

Sherpas don't quit, neither do their drivers.

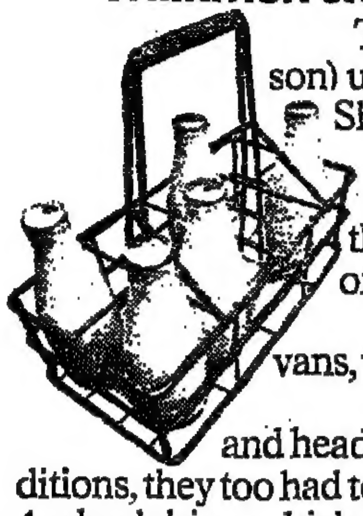
It's not just advertising

As you read what others have written and said about Sherpa you'll gather it was not easy to improve on the *best* (their word, not ours).

But the improvements are genuine. Increased payload. The engine's cheaper to maintain and service.

And the redesigned cab layout alone is a convincing argument for drivers to quit a company not using the vehicle.

Milkmen stay overnight



The David Andersons (father and son) use a Sherpa to deliver milk in the Shetland Islands.

Early on Saturday morning, 28th January 1978, they set off on their milk-round through 15 inches of snow at sub-zero temperatures.

The roads were chaos: cars, vans, trucks stuck in drifts everywhere.

After completing their round and heading for home in blizzard conditions, they too had to stop. The road was blocked by a 4-wheel drive vehicle unable to move further.

Moving the obstruction took 1½ hours.

By then visibility was down to about 3 feet.

Snow drifts encountered were reaching windscreen height. Although now only two miles from home they reluctantly sought refuge for the night in a nearby cottage. Next day, after digging out, brushing drifted snow off plugs and points, their Sherpa started first time.

In their own words: "Long live the Sherpa."

Nods from professional cynics

'Truck Magazine' reported a comparison between Sherpa, Transit, Bedford, VW and Dodge Vans.

Their conclusion (still endorsed by the magazine) "...the Sherpas were best all-rounders at the test track with consistent economy, respectable performance...".

A Sherpa Diesel is the only laden van on a 'Motor Transport' Magazine road-test to break the 50mpg barrier.

An all time record.

Sherpa, the back-up to big Macks

"If a big Mack hits trouble out east, we send a Sherpa to the rescue," stated Andrew Maclean of O.H.S., Transport, Rainham, Essex.

As long-distance truckers hauling huge tonnages with the motto 'The Reliable one in International Trucking', they can't afford an unreliable rescue van.

Their first Sherpa has now been replaced by a second.

In less than six months it has already been to places as far away as Eastern Europe at an average of 22mpg.

"History is bunk," said Henry Ford

The Sherpa engine has a reputation amongst engineers, trade press and operators alike as one of the toughest, most rugged units ever made. That's history.

Some learn from failures. But our policy is to learn from success.

Now a good engine has been replaced by a new, even better one.

In broad terms: it's lighter, more economical, requires less servicing, is easier to service and is well in advance of today's pollution-control standards.

It is fitted with an aluminised exhaust, for far longer life – up to 40,000 miles.

Kerb weights are reduced and payloads greatly increased – by as much as 264lbs/120kgs.

Everything has been tested. And tested again. 30,000 miles on the dynamometer. For the engine alone. 1,500,000 miles on road and track from desert to sub-arctic conditions.

Don't forget the driver

The cab layout is re-designed. All switches, controls and pedals are readily to hand or feet.

A lot of head-work has gone into the seat design. A working bum needs all the comfort it can get.

The moral in all this adds up to that intangible asset: driver or employee loyalty. This also pays off on the bottom line of the balance sheet.

Britain's best warranty, too

Sherpa comes with Supercover, Britain's best warranty. Not that you're likely to need this – but good to have just in case.

Your Sherpa dealer can tell you more, or write to: Austin Morris Ltd., Light Commercial Vehicle Sales, Grosvenor House, Prospect Hill, Redditch, Worcestershire, B97 4DQ.

LABOUR NEWS

Call to intervene in council settlement

By Our Labour Staff

THE GOVERNMENT has again been asked to intervene in a wags council settlement row between employers and unions over low pay.

The Union of Shop Distributive and Allied Workers yesterday attacked independent and employer members of the wages council which fixes minimum pay for 200,000 staff in furnishing and household goods. The council has proposed new rates below the Government's £44.50 low-pay threshhold.

Mr. John Flood, the union's assistant general secretary and leader of the workers' side has called on the Department of Employment to raise the proposed rates to £44.50.

Under the council's proposed wages order, the new statutory minimum for staff in small towns would be £42, with £42.50 for those in large towns and £43 in London.

Mr. Flood said the time had come "for Government Ministers to indicate in precise and definitive terms to all independent member on all councils there obligation in the current situation of thebargaining cycle."

Mr. David Basnett, general secretary of the General and Municipal Workers' Union has already asked Mr. Albert Booth, the Employment Secretary to intervene in a wages council settlement for staff in licensed hotels and restaurants.

Search for hospital solution continues

BY PAULINE CLARK, LABOUR STAFF

THE STRUGGLE for a solution to the hospital supervisors' crippling industrial action continued last night with no sign of a breakthrough after seven hours of union talks at the TUC.

Mr. Len Murray, general secretary of the TUC, became directly involved for the first time in the search for ways to break the five-week-old deadlock. He joined the talks as the Department of Health reported a further lengthening of the hospitals waiting list to some 35,000 as a result of the dispute compared with 30,000 reported last weekend.

The industrial action by 3,500 supervisors has left up to 9,000 beds empty. Many hospitals throughout the country are restricting admissions to emergencies only because of shortage of laundry and sterile supplies.

The TUC meeting involving general secretaries of the five unions leading the dispute and the 12-strong staff negotiating team followed a total breakdown in talks with management on the previous night.

The union said they had offered to wait three months before implementation of its demand for a 15 per cent minimum bonus to give time for the scheme to prove it could be self-financing. But the management has stood firm on its latest offer to phase in allowances of up to 15 per cent over 12 months.

Mr. David Ennals, Secretary for Social Services, said last night that he was available should any approach be made by Mr. Murray, whose intervention he welcomed.

In a television interview, Mr. Ennals expressed optimism that a solution would be found. He believed that the management had made concessions which provided the basis for negotiating a settlement.

The main sticking point is the unions insistance on a 15 per cent bonus for all to be added to a new pay structure tied to the creation of new posts under the 1974 reorganisation of the NHS.

They are demanding that the bonus should be an across-the-board minimum to maintain differentials between the supervisors and the craftsmen who work under them. The craftsmen's productivity bonus deal implemented last September is the root cause of the dispute.

Mr. Ennals repeated that he believed that "the industrial action was putting lives at stake, and urged the unions again to suspend action and to use the established disputes machinery for settling their grievances.

He made it plain, however, that there could be no concession to a demand which would threaten pay differentials throughout the 1m National Health Service workers, and also create a precedent which could wreck the level of pay settlements in the rest of the country.

Kauffman to discuss Greenock redundancies

UNION REPRESENTATIVES of the workers at the Scott Lithgow drydock in Greenock are to meet Mr. Gerald Kauffman, Minister of State for Industry, next week to discuss the company's proposed redundancies.

Also at the meeting—arranged by Dr. J. Dickson Mabon, the local MP—will be company representatives.

This was announced yesterday by Mr. George Garner, the yard convener, after a mass meeting at the dock.

Other meetings held throughout the Scott Lithgow Group gained 100 per cent support from the 8,000 workers from the drydock. Shop stewards said they could not make any comment on their next step until they had discussed certain questions with the management yesterday afternoon.

Outlook hopeful in Alvis dispute

By Nick Garnett, Labour Staff

THE ADVISORY, Conciliation and Arbitration Service (ACAS) was yesterday brought into the pay dispute which for two weeks has halted production at the Alvis military vehicles factory.

More than 1,000 workers have been laid off at the Coventry plant—part of BL—because of a strike by 88 production line inspectors over a differentials claim. All production of the factory's Scorpion light tank and armoured vehicles range has been stopped.

Mr. Alan Robb, the company's manufacturing director said yesterday's talks involving union officials, management and the arbitration service were exploratory but the outlook was hopeful.

The hourly-paid inspectors, members of the Amalgamated Union of Engineering Workers and the National Union of Sheet Metal Workers have put in a substantial pay claim to rectify eroded differentials.

Alvis management is apparently sympathetic to the inspectors claim and has suggested the possibility of applying to make them a special case.

Unions recommend end to Daily Record strike

BY PAULINE CLARK, LABOUR STAFF

HOPES FOR a return to work this weekend by strikers on Scotland's Daily Record and Sunday Mail rose yesterday when union leaders agreed to recommend an end to action while management investigates pay and conditions on the papers.

The TUC printing industries committee told Mirror Group management they would propose an end to action at a meeting of the strikers federated chapel (union branch) today. If the recommendation is accepted, the Sunday Mail should resume publication this weekend, although the return of the Daily Record would not be expected until next week.

The workers, including printers and journalists, have been demanding parity with their London colleagues but money was not included in the agreement.

Instead, management offered to review pay, and if it found that increases were justified, pay them next July on the annual settlement date.

The dispute is of major importance in Glasgow. It has cost Mirror Group newspapers £750,000.

Profitable

For the past two weeks, the Daily Record, Scottish sister of the Daily Mirror, and its stablemate, the Sunday Mail, failed to appear because of a stoppage involving all but a handful of the 900 employees.

The two papers have between them lost 8m copies, bringing their total loss this year to about 14m because of some 28 unofficial disputes.

The Record and Mail are some of the most profitable papers in Mirrow Group. They turn in jointly £2.5m pre-tax last year—more than a quarter of the group's total.

But their dominance in the popular tabloid market in Scotland is about to be challenged. The new Express group tabloid, the Daily Star, aimed at the popular market in the north of England and Scotland is to be launched from Manchester next week and The Sun's plans to print in Glasgow are well-avanced.

The dispute is over the differential, of up to £60 a week, between the pay of newspaper production workers in provincial centres like Glasgow and their opposite numbers in London. Discontent was fueled by a television programme last year which highlighted the size of pay packets being taken home by Mirror Group workers in Fleet Street and the talks in progress on new printing technology.

An unofficial claim, formulated by the unions represented in the Record and Mail building at Anderston Quay, Glasgow, was interpreted by the management as a demand for parity, and rejected.

A 24-hour strike followed which stopped the Sunday Mail. The company deemed 700 journalists and printing workers to have terminated their contracts. It demanded that the claim be dropped and guarantees given to honour the terms of normal working and disputes arrangements before any return could be allowed.

The dispute is unusual in the newspaper industry in that it is being conducted by the federated house chapel, the equivalent of an inter-union works committee, and not by individual unions through their full-time officials.

Journalists, who do not always see eye to eye with their colleagues in the print unions over pay issues, have supported the claim but insist they are not party to it.

'Distortion'

The official position of the seven printing unions is equivocal. Although they are unwilling to say the claim is not supported, they have told their members they would have preferred it to be negotiated through official procedures. This will be recommended by the unions today.

"The unions are doing their best to get their people back to work on terms that are acceptable," said Mr. Fred Smith of the Scottish graphical division of Sogat.

Social workers agree study on pay proposal

BY PAULINE CLARK

SOCIAL WORKERS have agreed on plans to explore a new proposal for determining their pay. The move represents the first big step towards a solution to the rapidly spreading strike.

About 1,600 social workers have been on strike in Newcastle-upon-Tyne and two large London boroughs for about two months, further applications to the National and Local Government Officers Association for industrial action are expected next week.

The social workers are demanding local bargaining rights to improve recognition of their workload and responsibilities, while room for some local flexibility is included in the new pay grading proposals. However, action is unlikely to be called off until a fully worked out national scheme is adopted.

As a first step, NALGO and local authority employers' representatives will set up a working party tao study plans for settling pay parameters at national level. These would be the framework for local bargaining.

If the scheme is accepted, local authorities and their employees will be able to determine levels of pay according to the social needs of each area.

At present, there is little flexibility, with pay for qualified social workers being set by national agreement at between £3,650 and £4,368.

The local authority employers have been anxious to retain a national agreement on pay to prevent conflict between different areas. But the union believes it has achieved a significant concession to its demand for a devolvement of responsibilities.

Call for action to cut jobless

SCOTTISH transport workers yesterday demanded an immediate 35-hour working week and stricter control of overtime working to curb unemployment.

The Transport and General Workers Union Scottish Delegates conference voted unanimously for a motion expressing concern at the growth of unemployment in Scotland, and urged the Government to take "realistic measures" to reduce the level in the UK.

The motion also called for jobs to be provided for school leavers, and reduction of the retirement age to 60.

Stop factory opening, says union

UNION OFFICIALS representing 10,000 steel workers want the Government to stop a new factory opening because they say it would threaten the jobs of their members.

Natural Gas Tubes are planning to open a new plant in South Wales which would compete directly with the British Steel Corporation's tubes division at Corby, Northants.

Nearly £50m is being spent on extending the tubes division at Corby, and there are fears that the proposed plant in South Wales will hit BSC orders.

Mr. Bill Homewood, full-time union official of the Iron and Steel Trades Confederation, said: "With the demand for tubes remaining fairly static over the next few years, competition could eventually lead to lay-offs among our Corby members.

"We are now seeking talks with Industry Minister, Mr. Gerald Kaufman, in a bid to stop the plant in South Wales from opening."

Miners protest over pay cut

PRODUCTION stopped at Linby Colliery near Hucknall, Nottinghamshire, yesterday, when 400 men refused to go underground in a protest over bonus payments.

Two factories to close

COATS PATONS' knitwear subsidiary L. Driver and Co., of Leicestershire, is to close two factories in Nottingham and Irvine New Town, Scotland, with a total of 230 redundancies.

هكذا من الأصل

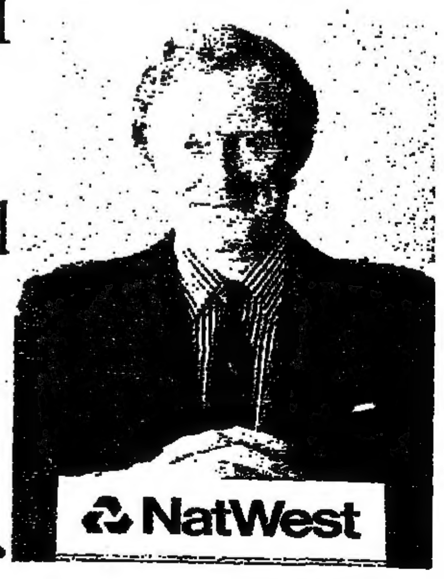
Your NatWest bank manager will help you export where you haven't exported before.

If you're left speechless at the prospect of exporting to unfamiliar places, go and see your local NatWest bank manager.

You'll find he speaks your language — and theirs. For specialist problems, he'll call in our experts from NatWest International and Credit Factoring International.

Between them, they know everything you need to know to export successfully.

They'll look after all your foreign currency problems, sort out forward exchange contracts, arrange any international factoring you may require, and advise you on local customs. Your local NatWest bank manager is only too willing to become your personal financial ambassador.



All you have to do is go in and ask him.

Just ask him. NatWest

NATIONAL WESTMINSTER BANK GROUP: FULL BANKING SERVICES INCLUDING BUSINESS DEVELOPMENT LOANS; FOREIGN CURRENCY DEALING AND EXPORT FINANCE; PAYROLL AND COMPUTER SERVICES (CENTRE-FILE LTD); REGISTRAR AND ISSUE SERVICES; DOMESTIC AND EXPORT FACTORING (CREDIT FACTORING INTERNATIONAL LTD); MERCHANT BANKING (COUNTY BANK LTD); LEASING AND INSTALMENT CREDIT (LOMBARD NORTH CENTRAL LTD); INSURANCE BROKERS (NATIONAL WESTMINSTER INSURANCE SERVICES LTD); CORPORATE TRUSTEES (TRUSTEE DEPARTMENT); COMPUTER OUTPUT TO MICROFICHE (EUROCOM DATA LTD).

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● AGRICULTURE

Spray costs could be halved

ANYONE WHO sprays his roses or anything else in the garden will know that it is not easy to get good coverage on the leaves and at the same time prevent wastage of the sprayed chemical.

The problem is one of getting fine droplets and then making them go only where required, and it may have been solved on a practical basis with equipment developed at Sheffield University and recently tested at the Rothamsted Experimental Station in Hertfordshire. The project has been backed by the National Research and Development Corporation (NRDC).

In the tests, using only a twentieth of the liquid used by a normal crop sprayer, deposits of insecticide on beet crop were nevertheless increased by 55 per cent.

The system uses direct charging of the complete tank of fluid, with extensive insulation. The fluid is then fed to a pair of rotary atomisers, centrifugal force producing droplets, already charged, of about 50 microns diameter.

The 70 mm atomisers are about one metre apart on a tractor-mounted spray boom and the significant point about the fine mist produced is that on settling towards the ground it is first electrostatically attracted to the leaves of the crop, including their undersides.

Three different crops were studied—barley, field beans and sugar beet. In all cases there was a substantial increase in the deposit of chemicals on the undersurfaces of the leaves, but little increase in leaf edge deposit (an effect usually ascribed to electrostatic spraying due to "charge at a point" effects, and which would waste the chemicals).

A further advantage is that the mist does not drift away so much in the wind, Improved performance was maintained in winds gusting up to 15 mph and measurements taken over bare soil indicated that the charged spray reached the soil no farther than two metres downwind from the nozzle, substantially reducing environmental pollution through spray drift.

Overall, it is estimated at Rothamsted that farmers using the equipment might be able to save up to half their costs on spray chemicals.

A possible objection from the farming community might be the use of voltages at 60 kV, although nowadays such equipment can be made quite safe. Equipment costs are not yet known, although the system is bound to be a good deal more expensive than a conventional sprayer.

NRDC is now looking for a commercial organisation to manufacture and market the equipment, possibly with joint funding by the Corporation.

More from Mr. P. Thompson, NRDC, Kingsgate House, 66 Victoria Street, London SW1E 6SL (01-828 3400).

GEOFFREY CHARLISH

● AUTOMATION

Strip mill agreement

ASEA has signed an agreement with Estel Technical Services B.V. Ijmuiden, the Netherlands, an affiliate company of Hoogovens Ijmuiden B.V., on hot strip mill automation. Under the terms of this agreement, ASEA will be able to utilise process control know-how developed by Hoogovens in its electrical equipment and control systems for hot strip mills.

The electronic systems for hot strip mill automation incorporate ASEA's DS 100 series process computers, DS 8 microprocessor systems and ASEA-PLC 700 programmable logic controllers. This integrated system can give superior measuring and control accuracy.

Process control software incorporates Hoogovens know-how and ASEA can now offer full computerisation of hot strip mills including control of reheating furnaces and the complete temperature distribution during rolling; roughing mill automation; finishing mill automation including finishing set-up; shape control; and coiling temperature control including finishing temperature set-up and control.

ASEA's co-operation with Estel also enables technical and economic pre-studies to be made of different layouts for new hot strip mills or the revamping of old ones.

The ASEA Group, Villiers House, 41 Strand, London, WC26 5JX (01-930 5411).

● PACKAGING

Sealing without heat

PACKAGING films, such as cellulose and polypropylene, have been traditionally sealed by a combination of heat and pressure with some resultant damage to heat-sensitive products, says Pakcel Convertors, Lancots Lane, St. Helens, Merseyside WA9 3ET (0744-20221).

Now available is a printed film which incorporates a cold sealing method by the flexographic process.

Up till now, cold sealing films being used for food packaging were printed by the gravure process but, in this new development, cold seal lacquer is applied by the flexo process in register with up to five flexo print colours. Cold sealing involves applying a latex adhesive to the reverse side of the film as part of the printing process and it has taken the company over a year to develop the complex technology involved.

One of the greatest problems to be overcome was the automatic register control required to line-up the cold seal pattern on cellulose film which shrinks during printing, and polypropylene film which expands during printing.

Once cold sealing is accepted as a practical proposition, manufacturers will be able to change pack size more quickly as market conditions and/or raw materials prices change, and allow increased usage of films such as lower cost, thinner, polypropylene (which can deform under heat sealing).

Although initial packaging costs of cold seal film are slightly increased by a unit price of around ten to twenty per cent, says the company, this should be offset by subsequent savings due to less material waste, fewer damaged products (specially in the chocolate coated lines), faster running speeds and less maintenance of packaging machinery, because it is the heater controls which inevitably cause problems.

One of the most significant savings is the lower capital cost of packaging plant. A horizontal form, fill and seal packaging line, built specifically for cold sealing is said to cost only three quarters of the price of the same machine equipped with heaters and ancillary temperature control equipment.

Automatic labeller

A TOUCH-LABELLER with a built-in microprocessor to simplify maintenance (the complete control-circuitry can be replaced within seconds while allowing the machine to control a variety of optional accessories at no extra cost, or to fit readily into automated production sequences) has been put on the market by Helix, 545 Ipswich Road, Slough SL1 4EN (0753-32212).

Designed as a low-cost automatic labeller, the Bulldog is of simple, strong construction for low and medium speed production lines. Frame and body are heavy-duty aluminium castings, and a mobile T-stand with quick-locking castors allows the machine to be wheeled into position on the line and made firm there.

Labels will be accepted up to 102mm wide on label-reels up to 215mm diameter and attachments can increase the maximum width to 152mm. A photocell detects the gaps between labels and a photocell, microswitch or air switch senses the arrival of products.

Optional printing attachments include rotary ink coder, dry-ribbon ink coder, hot-foil coder and single-line electronic over-printer. An extra accessory is a solenoid-operated peeler-arm whose descent can be delayed by the microprocessor until the centre of a large product lies beneath the label.

● PRINTING

Big six-colour press

THE BIGGEST and fastest six-colour web offset printing press built by Chambon is now in operation in United Paper Mills' plant in Simpele, Finland. It has cost about £1½m.

Designed for printing on paper and board used for making cartons, the machine has a top running speed of 250 metres a minute. This speed would not normally be used and, says Chambon, would suggest an operational speed of 200 metres. However, production speeds of 230 metres a minute have already been achieved with no loss of print quality. Board weights from 200 to 500 grams per sq metre have been used.

The machine will accommodate a web width of 1,270 mm and maximum printing width is 1,250 mm. Its plate and blanket cylinders are mounted in cartridges that can be removed as single units, using an overhead crane or (as is the case at Simpele) a specially-designed forklift truck. Using a truck of this kind, built to its order in Finland by Rocla Oy, Simpele can complete a full six-colour changeover in only two hours.

● COMPONENTS

Multi-role valve

A THREE function switching valve for use in oil-fired burner installations can according to the Bifold Company of Wigan, produce substantial economies in installation costs since it replaces the three or more separate valves normally used.

Known as the Trifecta valve it can be supplied with any actuator, pneumatic or electric that is capable of three position operation. The actuator will be pre-set to accept three discrete signals denoting fully sealed, purge and atomisation/firing.

By eliminating the need for two additional valves in each installation, significant economies can be obtained in burner logic control, pipework and electrical work.

Standard pressure rating of the valve is 300 psi at 260 deg C, but customer requirements for higher ratings can be considered. A notable advantage of the valve is avoidance of contamination of steam by oil when operated at the rated pressures.

More from the company at Leyland Mill Lane, Wigan WN1 2SA (0942 41285).

Small but strong

A RANGE of miniature, stainless steel cables and cable assemblies for light mechanical movements, such as typewriter carriages, x-y plotters, dental equipment, etc, has been introduced by Bristow Controls, Diplocks Way, Hailsham, Sussex BN27 3JF (0323 84510).

Called Bristow-Flex, the cables are suggested as replacements for rods, solid wire, cords, gears, levers and chains.

They are supplied in a range of diameters from 0.15 to 1.22mm with nominal breaking strengths from 5 to 175 lbf (22.3 to 780 Newtons) and are offered in bare or nylon coated form.

Nylon coating is said to further improve the substantial flex life, reduce pulley wear and offers protection in hostile environments. Other coatings, such as ptfe and pvc, are available to order.

● MATERIALS

Kills the grime

THE REMOVAL of particularly obstinate grime should be swift and immediately effective in order that there is a minimum of disruption to production in working areas, and promising to meet these requirements is an alkaline detergent from Mayvil Chemicals, Sandbach, Cheshire.

Said to be an advanced chemical concentrate, it is designated Sparkal-T, is fully biodegradeable and safe to use on surfaces such as steel, iron, stone, tiles, etc.

It is supplied in concentrated form in 220 litre drums or 25 litre bottles and may be applied either by hand or via conventional pressure spray equipment. Once applied, the diluted cleaning fluid should be left to soak for approximately one minute before rinsing off with cold water.

The detergent is currently in use at airports where it is cleaning hazardous oil and grease deposits from runways and maintenance area, in the agricultural machinery field, and for the automatic cleaning of roadway tunnels.

All-purpose adhesive

PROMISING A variety of applications throughout the construction and maintenance industries is a general-purpose bonding agent called PVA developed by Index Finishes (UK), Index House, Dawkins Industrial Estate, Poole, Dorset BH15 4JY (02013 78661).

It can be used for bonding softwoods, hardwoods, tiles, hessian, plasterboard, etc., and when diluted with water it may be used for bonding sand and cement renderings to smooth surfaces, such as gloss painted or tiled finishes.

● ELECTRONICS

Transcribes speech tape

DESIGNED BY Racal Thermionics for use in conjunction with its Store range of tape recorders is a transcription aid which enables the user repeatedly to re-examine a length of audio tape to ensure accuracy about its contents. A typical application is in the analysis and interpretation of distorted foreign language recordings.

With playback stopped after an unclear section, the operator can select a length of tape up to that point by slider control ranging from 1.5 to 12 seconds. The machine will then continuously replay that section. Replay is simply on a timing basis; no signals are added to the tape.

Other controls provide for instant adjustment of pitch, filtering and level.

A row of LED lamps associated with the control cluster enables the user to see where the tape has got to in the selected length.

The unit measures 374 x 220 x 58 mm and is connected to the recorder by two multiway cables, two metres long. More from the company at Hardley Industrial Estate, Hythe, Southampton, Hants SO4 6ZH (0703 848181).

● INSTRUMENTS

Pocket-size multimeter

AVAILABLE FROM Havant Instruments is the Triplett Model 310 multirange meter which has many of the facilities of a bench mounted unit but can be held in one hand or carried in the picket.

The impact resistant case houses a robust high torque 50 microamp movement with diode overload protection and resiliently mounted jewelled bearings. Easy access is provided to the battery and fuse.

Five DC and five AC voltage ranges are offered up to 1200 V and resistance is covered in four ranges to 20 megohms. The single DC microampere scale reads up to 600 while DC milliamps are measured in three ranges to 600.

Using an optional clamp-on AC ammeter attachment, measurements may be made up to 300 amps. A current transformer principle is used so that the measured circuit does not have to be broken into.

More about the unit, which is made in the U.S., from the company at Unit 3, Westfields, Horndean, Hants.

● HANDLING

Mechanical shovels

EXTRA PERFORMANCE and endurance features normally found only on larger models have been incorporated in the smallest of three machines added to the Yale range of rubber-tyred loading shovels, says distributor John Holt Equipment, Cinder Lane, Castleford, West Yorkshire, WF10 1LS.

Broadening the range at both ends, the machines have capacities of 1½ cubic yards, six cubic yards and 7½ cubic yards.

The company reached an agreement with the manufacturer of the machines, Eaton Corporation, earlier this year to distribute the range in North Wales, the Midlands and the North of England.

COMMUNICATIONS

Types over the phone

A TYPEWRITER terminal which can be connected via an acoustic coupler and a telephone instrument to a similar device at the other end of the phone-line has been introduced by Bohsigraphic, a Swiss company, and is available in the UK from Shefra Graphics.

Known as the Scrib Telereporter the device is being aimed at journalists throughout Europe but can also be seen, say the company, as an alternative to Telex by the business community at large.

Weighing 8.5 kg (18 lb) and no bigger than an electric typewriter, the device has keyboard, a seven inch screen which can show 18 lines of 64 characters, a mini-printer, and solid state storage working in conjunction with a miniature magnetic tape cassette store; an associated acoustic coupler connects it to the telephone instrument.

Text is first typed and immediately stored in an 11,000 character semiconductor store, divisible into ten files which can be mixed as required. Correction/editing can then be carried out on the screen; upper and lower case, italic and other characters can be provided.

Messages up to 11,000 characters can be sent straight to line, or longer messages can be committed to the cassette for later transmission; sending speed is up to 30 characters/sec —about six times as fast as Telex.

Scrib can be powered from the mains, from a car battery or from its own rechargeable cells and so can be used almost anywhere, a phone being needed only for the final transmission.

Shefra Graphics is at 283 Farnham Road, Slough, Bucks (Slough 38779).

● SAFETY

Picks up the scrap

THE FIFTY miles of hard shoulder of the M4 motorway west of the Severn Bridge are inevitably strewn with nails, nuts, bolts and bits of metal that fall from vehicles.

The maintenance of the motorway and regular collection of this deposited scrap is the responsibility of the highway department of Gwent County Council which is now using a five feet wide magnet from Eriez Magnetics UK, Wilson Industrial Estate, Caerphilly, Mid Glamorgan, Wales CF8 3ED (0222 868501).

The magnet, carried on a quick-release custom-built frame attached to the bucket of a standard International 2400 Series A tractor, picks up all the small ferrous items which would otherwise cause a potential hazard to tyres.

As no maintenance is needed, the running costs of the magnet are nil, and no other capital equipment is being tied up when the magnet is not in use, as the operator simply leaves it in the yard when the tractor is required for other council duties.

APPOINTMENTS

Senior changes at Sun Life

Mr. J. D. Webster, at present vestment manager of the SUN FE ASSURANCE SOCIETY, is become assistant general anager (investment) and a rector of the society from ovember 1. At the same time r. W. J. Amos will join the ciety's executive retaining his le of secretary and legal anager; Mr. M. Carlisle, who is w assistant to the deputy neral manager, will be pointed to the executive as serzing controller: and Mr. J. A. ad, assistant personnel execue, will move to the executive personnel executive.

★

Hepworth Ceramic Holdings has pointed Mr. G. M. Marsden, Mr. Smith and Mr. M. R. Wall to e board of HEPWORTH ASTICS, a divisional holding mpany.

★

Mr. A. S. Dunstan has been ade a director of MUTUAL CEPTANCE, an Australian subliary of Standard Chartered nk. Mr. Dunstan is chairman of rebos (Australia) and of meruka Estates Pty, and is a rector of Dalgety Australia. His w appointment fills the vacancy the board caused by the reement of Mr. F. M. D. Jackett, puty chairman.

★

Two board appointments have en made within the WARD HITE GROUP'S distribution vision from October 30. Mr. ian James is to join Britton of as merchandise director. He oves to that company from rattan Warehouses. Mr. Syd ater will become sales director John White Branded Footwear ving previously been with the gham Ferrers, Northants, comny.

★

Mr. David Wright has been pointed to the newly created sition of marketing director of NNING TOWN GLASS, the ass division of the Arthur Bell oup. He was previously with sociated British Maltsters.

★

Mr. F. G. Flood, formerly puty chairman and chief execue of BPB INDUSTRIES, has en appointed chairman in place Mr. N. M. Barrow, who is to tire from the Board and from e company at the end of this onth. Mr. A. G. Turner, deputy ief executive, becomes chief ecutive in place of Mr. Flood.

★

Mr. M. S. H. Mitchell has been pointed head of computing serces at BRITISH GAS headarters in London. He had preously held the post of customer accounting development manager and has been in the gas industry for 12 years. In addition, Dr. R. W. E. Shannon has been appointed assistant director of the British Gas on-line inspection centre at Cramlington, near Newcastle-upon-Tyne. A further appointment is that of Mr. N. A. Townsend, who becomes assistant director at the BG Engineering Research Station in Killingworth.

★

Mr. Richard Butcher has been appointed managing director of GELLATLY SHIPPING UK in addition to his position as chief executive of Gellatly Shipping International. Mr. Hans Andersen joins the UK concern as commercial director. Mr. David Clarke has been made financial director of that company and he continues as group financial controller of Gellatly Hankey and Co. The following group executives also join the Board of Gellatly Shipping UK: Mr. J. M. R. Butters, Mr. F. H. Starnes and Mr. C. A. H. Wood. Mr. J. W. Turner is secretary.

★

Mr. D. Knight has been appointed a director and Mr. N. Miller, assistant director, of GLANVILL ENTHOVEN (MARINE).

★

Mr. John A. Leaver has been appointed sales director of MIRRLEES PUMPS, a division of the Plenty Group.

★

Mr. Mervyn F. Frisby and Mr. Malcolm Launder have been appointed directors of CHAS. F. THACKRAY.

★

Mr. W. A. C. Thomson is joining the Board of the BEN LINE STEAMERS from November 1. He has been with the group since 1970.

★

Mr. Cedric Hopkins has been appointed chairman and managing director of MAT TRANSPORT (MIDDLE EAST). Mr. Hopkins joined the MAT Transport International Group at the beginning of September this year. He is also chief executive and managing director of MAT Transauto, group administrative services director, and on the executive Board for the MAT Group.

★

The BARR SOFT DRINKS GROUP has been re-structured into three divisions—Bottled Soft Drinks (Scotland), Bottled Soft Drinks (England) and Wholesale. Controllers appointed head of these divisions, respectively, are Mr. James Provan, Mr. Douglas Clark and Mr. Harold Cowburn.

HELLENIC STEEL TO MAKE $100m. ADDITIONAL INVESTMENT

The shareholders of Hellenic Steel have made the following announcement in Tokyo, Paris, Rome and Athens:

On September 28th, 1978, the Greek Government issued the Presidential Decree No. 711, concerning the approval of the expansion of Hellenic Steel Company.

As it had been agreed at the General Shareholders' Meeting, held on June 8th, 1978, the company will expand the facilities of its Salonica plant to the annual production capacity of 750,000 to 1,000,000 tons of cold rolled products, from the present 350,000 tons, by installing a tandem cold rolling mill and the relative auxiliary equipment with the total investment of approximately US$100 million.

With the modernisation of its cold rolling mill on an expanded scale, the company can contribute to the development of the Greek metal working industries, as well as to the promotion of exports to the international markets, particularly to the Middle East and the Balkan countries.

The Japanese shareholders, namely C. Itoh and Co. Ltd. and Nippon Kokan K.K., agreed to concede the majority shareholding of the company to Greek and EEC interests. For this purpose, on the one hand, the Greek participation will increase, that is, in addition to the participation of the National Investment Bank for Industrial Developments S.A. (NIBID), which has made a valuable contribution to the development of the company, an invitation for participation is now addressed to Hellenic Industrial Development Bank S.A. (ETBA).

On the other hand, the participation of two new shareholders, namely COVAMO, representing the two major French steel groups, and Finsider International S.A., representing Finsider Group of Italy, has been realised. These participations and the co-operation with the shareholders' steelworks will concur to the harmonious development of the company in the framework of EEC and ECSC in which Greece will join shortly.

C. Itoh and Co. Ltd., who remains the largest shareholder, will continue to play the leading role in the management of the company. At the same time, an executive committee, representing the interests of all shareholders, will be set up to supervise the policy and important matters of the company.

The Property Market

BY JOHN BRENNAN

Looking into the 1980s

THE HENLEY Centre for Forecasting, and Hillier Parker May and Rowden's research department both expect a continued sharp rise in shop rents over the next year. And in a five year forecast looking at every sector of the property market the Henley Centre predicts a continued recovery in rents and capital values into the 1980s.

Last July Dr. Russell Schiller, head of Hillier Parker's research team, published his first, controversially-bullish forecast of shop rents. At the time his prediction of an explosive rise in rents was treated with some caution. But he was proved correct.

Today Dr Schiller publishes a revised forecast, incorporating the effects of recent shop openings and updated views of retail spending. He concludes that shop rents are passing through a period of exceptional growth at the moment, a growth rate that cannot be sustained into 1979. Nevertheless, he believes that between May 1977 and May 1980 shop rents will have risen by between 28 per cent and 40 per cent, enough to take rents in real terms back to levels seen at the height of the last property boom in 1973.

Looking at retail demand, Hillier Parker picks out a clear relationship between sales and shop rents. Both retail sales volume and shop rents reversed their earlier decline in the second half of 1977, and the growth rate of both indicies accelerated in the first half of 1978. Rental levels appear to react twice as fast as changes in sales volume, and there is very little time lag in this reaction.

Using the Investors Chronicle/Hillier Parker rent index Dr. Schiller notes that shop rents fell by 7.5 per cent in the first half of 1977, in a period when retail sales fell by 3.8 per cent. In the subsequent two six-month periods sales rose by 3.7 and 7 per cent while rents increased by 7.2 and 12.6 per cent. It remains to be seen whether this surprisingly close relationship between rents and sales proves to be a reliable long-term indicator.

Dr. Schiller doubts if new shop openings will rise above 1.5m sq ft a year in 1979 and 1980 (½m sq ft less than his forecast for 1978). But developments in the pipeline suggest new openings of between 2.5m and 3.5m sq ft in the early 1980s. He is cautious about reading too much into the relationship between the rate of new openings and rental performance, but the figures do provide support for the overall forecast of, at worst, a 28 per cent rental rise by 1980. As that lower range forecast would do no more than bring inflation-adjusted rents back in line with 1973 levels, Dr. Schiller warns that the predictions might better be seen as signs of a recovery rather than pointers to another boom.

The Henley Centre takes a wider and longer look at the property market in its latest quarterly investment review published this week. But it echoes Hillier Parker's confidence about shop rental growth.

These two forecasts differ on the rate of rental growth in 1978 and 1979 (Hillier Parker expects a slowdown in the growth rate next year while the Centre forecasts rental growth rising from 13.8 per cent in 1978 to 16 per cent in 1979). But looking at the Centre's rental index it does expect an overall rent growth of just over 40 per cent between 1977 and 1980, which is at the most optimistic end of Dr. Schiller's forecast.

The Centre looks five years ahead with its forecasts of shop, office, and industrial rents. It accepts the arguments that letting demand will exceed office supply in London and the South East by 1979, and that Government spending cuts will leave provincial markets over-officed until the early 1980's. That leads the Centre to the view that provincial office rents will lag behind the growth of rents around the capital for the next few years. But that does not affect a forecast of a 17.4 per cent overall rise in office rents next year and a 14.8 per cent in 1980. Beyond that the Centre expects annual rental growth to average just over 9 per cent until 1983.

The Centre is rather less confident about the rate of industarial rental growth, expecting a 14.1 per cent rent rise in 1979 falling to 6.4 per cent in 1980. But over the next five years its forecasts suggest rent increases adding a third to 1978 levels.

Purchasing yields on all three types of commercial property are expected to fall in the years reviewed, partially as a result of generally lower interest rates, and partially under the weight of institutional funds directed to the property market.

Industrial property's particular appeal to small and medium sized funds is expected to ensure that the sector retains the lower yield differential compared to other types of property that it has acquired in the past few years. Taking current buying yields at 7.5 per cent for industrials and 6 per cent for shops and offices, the Centre predicts consolidation at these levels in the years to 1983. It expects industrial yields to ease to 7 per cent in 1983, after a temporary dip to 6.5 per cent in 1981. Office yields are expected to fall by ¼ a percentage point a year from 1979 to 1981 and stabilise at 5 per cent in the following two years. Shops are expected to continue selling at average initial buying yields of around 6 per cent throughout the period, apart from a ½ point dip to 5.5 per cent in 1981.

Landis and Gyr's 133,000 sq ft freehold factory and office building opposite the North Acton tube station in Victoria Road, Park Royal, W.3 is now on the market at £1½m. The electricity meter manufacturers are moving to a new 150,000 sq ft factory across the road from the seven storey block next year. Richard Ellis are selling the building with informal agreement from the London Borough of Ealing for either refurbishment—to create 90,000 sq ft of factory space and 30,000 sq ft of offices—or complete redevelopment of the 1.3 acre site, creating around 30,000 sq ft of single storey factory accommodation with ancillary office space.

Laing times two

JOHN LAING'S Scheme of Arrangement, which splits the group into separately quoted property and construction companies, becomes effective today. Before dealings start in the shares of John Laing Limited and Laing Properties on Monday, stockbrokers Rowe and Pitman, Hurst-Brown and J. and H. Scrimgeour have taken their respective microscopes to the new companies. Both like what they see.

At a 25 per cent discount to its reported net assets Laing Properties' shares should open at 120p on Monday. Rowe and Pitman expects an opening price of around 125p giving the company an initial market capitalisation of £67m, the seventh largest in the sector on a par with Stock Conversion and Percy Bilton. As a close company 65 per cent controlled by the Laing family the new company follows sector tradition by raising problems of marketability. But investors able to get into the stock have a forecast from Scrimgeour of net rental growth of around 10 per cent a year for the next five years.

As Laing expects to take a £1.1m revenue deficit on its three major completed but empty developments (the 105,000 sq foot Duchess Place block in Birmingham, 141,000 sq feet at Whitefriars, Bristol and 69,000 sq feet in the Chapel High Centre, Brentwood) it has forecast 1978 rents of, "not less than £3.65m." Lettings of all three blocks would eliminate the deficit and, Scrimgeour believes, add between £300,000 and £400,000 to a 1978 estimate of £4.65m pre-tax profits.

The brokers analyse the reversions within Laing's £92.3m investment properties, most of which fall due in the early 1980s. And they agree that as a separate operation able to accept a higher level of gearing (loans are just 17.3 per cent of total assets) it will in future be able to retain more of its development programme now held in the books at its £30.2m cost.

IN BRIEF . . .

PRUDENTIAL PENSIONS, whose £129.6m property fund now owns 120 properties, is fairly happy with the current state of the investment market. In its quarterly investment report the fund comments that, "after a number of years of volatility and uncertainty . . . it comes as a pleasant surprise to find that the market has been performing steadily for a period of nine months or so."

Despite a shortage of good property on the market, the fund has noticed "scarcely any movement in the underlying yield rates." Prudential now discounts fears that the weight of institutional money will distort the market, noting that when fund managers cannot find a suitable property they are now "generally content to direct a substantial proportion of new money to other markets."

Overall, Prudential feels that "the growth of rental income across the spread of properties justifies current yield rates and supports the steady growth in values in a firm but limited market."

•

AGENTS are running out of superlatives to describe the market for hotels in London. As the tourist season gets longer, and hotel occupancy levels rise, investors have been drawn into one of the very few areas of the economy that tends to be helped by political and economic problems. Short of political violence, any internal problems that hit the world value of sterling also help to boost the influx of tourists. And tourists keep hotel tills jingling.

It is still far cheaper to buy and upgrade an established hotel than to look for a site and start building. Even fairly basic hotel building costs now run to around £40,000 a room. And costs aside the problems of finding a site and winning planning permission in the tourist belt of west and central London keep agents scouring the market for established hotels that have not already been snapped up by the major British chains.

Earlier this year Taylor Rose, property adviser to the British Hotels, Restaurants and Caterers Association, was asked to look for a 75 to 200 bedroom hotel in London by the Wellington/Mornington Hotel Group of Stockholm. The agents trawled the property available lists and approached dozens of hotel owners, most of whom were fully aware of the scarcity value of their property and who either refused to sell, or asked what TR and its Scandinavian client regarded as prohibitive prices.

In the end, TR had to work its way through the lists of hotels making direct approaches to owners and asking if they had considered selling. This direct approach has now paid off. The private companies that owned the 75 room Ambassador Hotel in Lancaster Gate have accepted a £900,000 offer for their building, a purchase price of £12,000 a room.

Wellington/Mornington will have to spend a couple of thousand a room modernising the Ambassador and bringing it up to a standard to meet Fire Certificate regulations. But it expects to have completed work by the next tourist season in the summer. The Ambassador sale is only the most recent publicly recorded London hotel deal, just the tip of an iceberg of trading business in what has become one of the most competitive areas of the capital's property market.

•

Property Deals appears on Page 14

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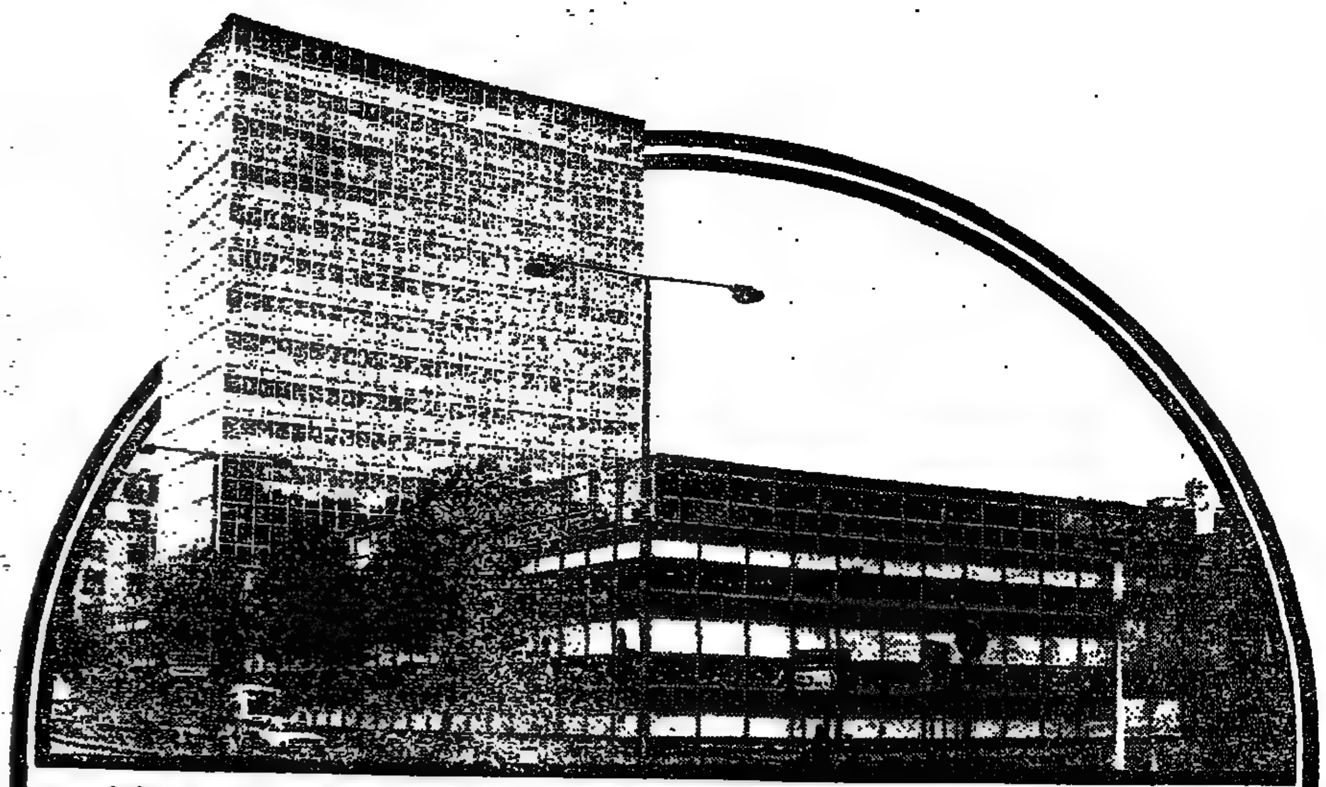

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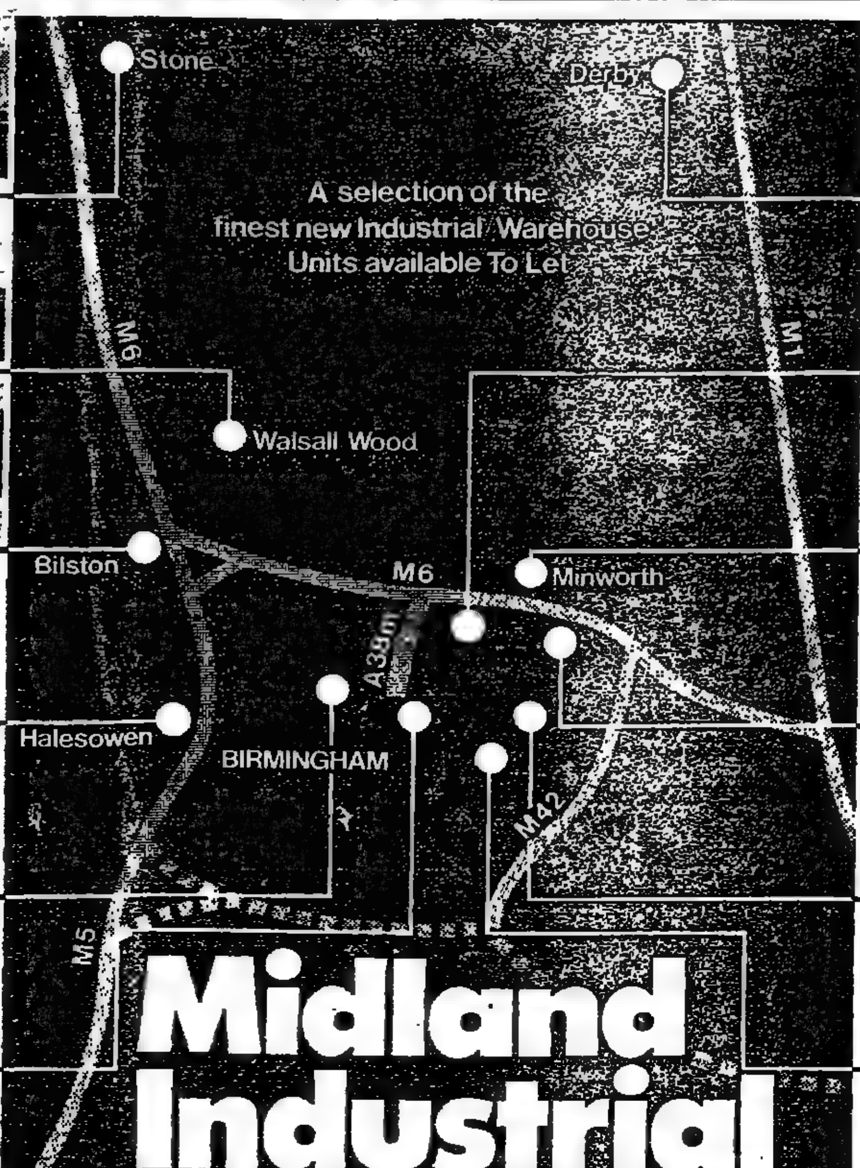

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PROPERTY DEALS

New bank for Bishopsgate

STANDARD CHARTERED Bank is to go ahead with a 194,000 office development on its freehold site in Bishopsgate, EC3.

The bank, which is advised by Dron and Wright, has submitted a planning application to the City Corporation seeking permission to build a five-storey headquarters block on the site of its current offices and the former Wallace Brothers' building at 28 to 38 Bishopsgate and 2 to 7 Crosby Square.

The bank, which has a staff of 1,600 in London, intends to occupy and retain ownership of the new building itself.

●

A WEEK after winning the sole letting agency on The William Kaufman Organisation's 280,000 sq ft office block at 7 Hanover Square, New York, Jones Lang Wootton is publishing warnings about the shortage of office space in that city's central area.

Looking at the 20.2m sq ft of offices in 33 rentable buildings on New York's Park Avenue, JLW reports that only 2.1 per cent of that accommodation is now available. Half of that empty space is in pre-war buildings, and a third is only available on short lettings.

Available space in the Avenue totals just 413,853 sq ft and, given the age and lease structure of that space, rents are on the rise.

Dividing the Avenue at 42nd Street, the agent reports rentals in upper Park Avenue of between US$9 and $12.50 (£6.25) per sq ft in pre-war offices. Direct leases on modern space are being offered at between $16.75 and $26 (£13) a sq ft, with sub-lettings offered at between $12.50 and $24 a sq ft. Below 42nd Street rentals for the 171,282 sq ft of empty space (only 10,000 sq ft of which lies in post-war buildings) ranges from $10 to $13.75 a sq ft.

Only one major development is planned in the area. George Klein's 250,000-sq-ft block at 499 Park Avenue, where demolition work has now started.

●

NEW CAPITAL Properties, developer of 23,500 sq ft of offices in Haywards Heath, is a subsidiary of Gresham House Estate Company and not, as reported last week, part of the Gresham Trust.

●

THE COMPLEX weave of interconnecting deals lying under the surface of most property developments would amaze businessmen in other industries. A 22,400 square foot Dorset warehouse now being built by John and Peter Beckwith's private development group, Second London Wall illustrates the point.

On the face of it the warehouse scheme hardly looks particularly complicated. But to get to the building stage Second London Wall had first to line up a pre-letting, a pre-funding and the forward sale of part of the two acre site at Granby Industrial Estate, Cumberland Drive, Weymouth, Dorset.

Suttons Commercial introduced the site to the developer and brought in the tenant, Booker Belmont (Wholesale), who is to pay £1.30 a square foot. With this pre-letting the developer was able to line up around £330,000 of pre-funding, from the London Borough of Islington Pension Fund. Islington, which gets an initial return of around 8¾ per cent on the scheme was advised by Berkeley Hambro Property Company which in turn was introduced to the investment by Anthony Lipton and Phillip Andrew and Company.

William H. Brown acted for the developer in all the discussions, which were further complicated by an arrangement to sell part of the site to Dorset County Council. And to ensure that council purchase, Second London had to get its builders, Tarmac Construction, to put up 8,000 square feet of industrial and warehousing space for use as sheltered workshops for the disabled.

At the end of the day the developer takes a modest profit on the investment sale, covers its site costs on the Council sale and is left with space for another 9,000 sq ft scheme at the back of Booker Belmont's new warehouse. The days when developers were lashed for gross, largely unearned profits are well and truly over.

●

TAYLOR WOODROW Industrial Estates has decided that it has better things to do with its time than await pre-lets on its Fairhills Industrial Estate at Irlam, Greater Manchester. After seven years on site, and with half of the original 24 acre site used as a 100,000 sq ft Tesco Hypermarket, Taylor Woodrow has decided to abandon its wait for committed tenants and break with tradition by selling off individual freehold plots.

The first sales have now been completed, with £14,500 sale of two thirds of an acre with frontage on to the A57, Liverpool Road sold to Edginton Brothers for development as a car showroom and service station. Building Contractors Harry Daniels and Son have paid £4,500 for a ½ acre site on which it will build new offices and a building depot. Sole selling agents, Swimer Leon are selling the remaining 5 plus fully serviced acres for £18,000 an acre. Taylor Woodrows impatience with slow letting interest in the Fairhills site does not mean that it had abandoned Manchester as a development area. The group is currently looking for a larger industrial development site to the South of the city.

J B

INTERNATIONAL PROPERTY

PROPERTY ADVERTISING is Continued Today on Page 26

The Management Page

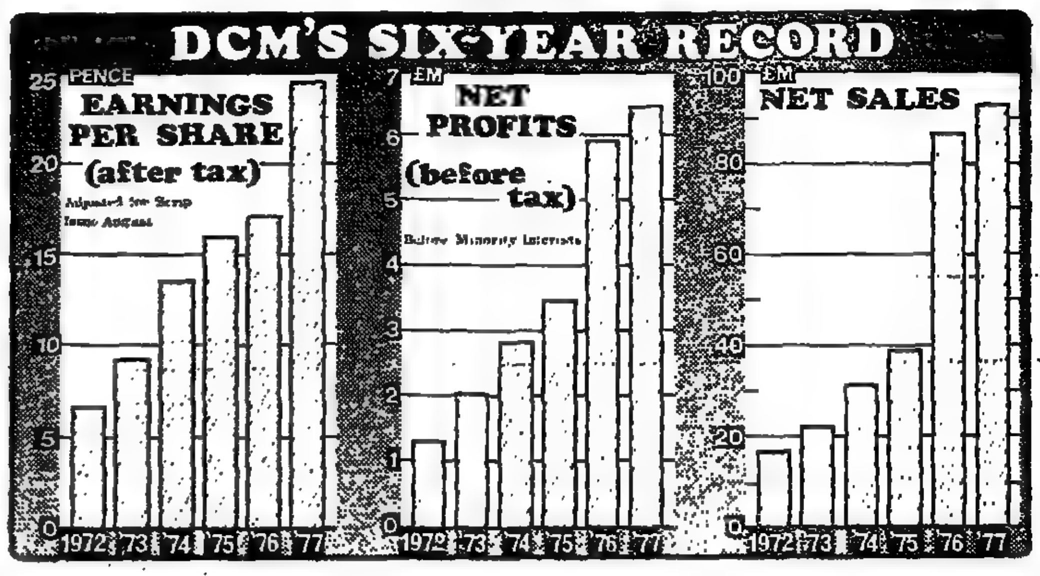
EDITED BY CHRISTOPHER LORENZ

Jason Crisp and Arnold Kransdorff report on Dunbee-Combex-Marx

An ambitious toy company goes adrift with its forecasting

Ashley Ashwood

From left to right: Basil Feldman, Richard Beecham—joint managing directors—and Isadore Shulman, financial director



WHAT THE INSTITUTIONS SHOULD ASK DCM

- How much did the U.S. contribute to the loss ?
- What proportion of this was rationalisation of Aurora ?
- What, if any, was due to a trading loss at Louis Marx ?
- Will Louis Marx's turnover reach a hoped for $70m ?
- How great is the loss at Schuco ?
- When were the directors first aware of first half losses ?
- What changes are being made in the reporting procedures ?
- Is any additional management to be injected in the U.S.?

:HARD BEECHAM, a force- personality, is not a man o readily eats humble pie. t when he meets a number of titutional shareholders of nbee-Combex-Marx today, he v have to do just that: cer- aly he has a lot of explain- to do about his toymaking npany's latest reversal.

What has galled the institu- ns is not just the £3m loss for first half of this year but t the chairman's statement in middle of July was rkedly optimistic and was terated at the annual meet- on August 10, six weeks r the interim accounting iod had closed.

t is not the first time DCM's ecasting has been a little y. In 1977 the company was ecasting pre-tax profits of 5m but they only came to £m, following unanticipated blems at its Swansea and erican subsidiaries.

The recent setbacks are all more noticeable because M was for so long a favour- growth stock and indeed un- last year's rather flat results e-tax profits up 9 per cent.) had an unblemished record. ough some internal wth, but particularly through uisition, DCM has grown m what was a £4.62m turn- r company ten years ago one which might reason- y be expecting to have sales £100m this year.

ts most successful acquisi- was Rovex which makes rnby toy trains and Scalex- model racing cars, and ich it bought from the col- sed Lines Brothers in 1972. n, Rovex had accumulated ses of £1m; it was swiftly ned round and last year it de around £3m profit. DCM's utation largely stems from ability it has shown to buy npanies, often lossmaking, h bad management or in a r financial state, and swiftly n them to a state of health. The company also has a repu- on for striking some narkably good deals when ing up companies, and by ing off surplus assets, thus etting much of the original ts. But not all DCM purchases have had such a spectacular turn around as happened at Rovex.

Two of the company's more recent purchases in the U.S. certainly have much to do with the company's present problems, as has the Schuco subsidiary in West Germany. In addition there were companies in Australia and South Africa where the magic did not work and these have been sold off.

Broadly the toy market can be divided into two. First, there are staple products such as electric train sets, for which there is a reasonably predictable and steady demand. Often such products have a high "add-on" element, as Grieveson Grant, DCM's own brokers, point out in a comprehensive survey of the market, "For every pound spent on basic train sets, probably at least £4 to £5 is spent on accessories such as extra track, points, signals, timetables, coaches and wagons."

The other side of the business is highly volatile. Although consumer spending on toys is reasonably predictable, within normal cyclical trends, the apportionment of that spending is very flexible. The difference between a runaway success—a product which is demanded by every child or its parent for Christmas—and one which remains on the shelves unwanted is very fine. And the ability to judge that difference is limited to a small number of people.

Observers of the toy trade are quick to point out that the number of successful people in the business is limited and of those most have been in it for some time. Much attention is paid to the views of those individuals running companies and this in part explain's DCM's own management structure.

Within DCM, there is a very high level of autonomy for the chief executives of the subsidiary companies. Having agreed to certain financial constraints with the central management they are allowed to operate very much on their own. For instance, within the UK there are five major manufacturing subsidiaries—Burbank, Combex, Louis Marx, Rovex and Novo—which have their own distinctive product lines and their own separate sales forces.

Virtues

Grieveson Grant explains the virtues of this style of management which exploits entrepreneurial skills in such a volatile market: "As DCM has expanded so the organisation of the group has had to be flexible to the often major changes that a new acquisition has imposed. Senior managers with particular skills in turning round lossmakers have moved from one subsidiary or country to another.

"New management with experience elsewhere in the UK and U.S. toy industries, has been brought in when special tasks have arisen which have required the strengthening of a management team. What is very clear, as a result of these developments is that an experienced group of entrepreneurial minded managers, many still in their thirties or forties, have been brought together to provide the depth and strength of managerial ability that DCM requires now and as it continues to expand."

The company also has a reputation for putting chief executives in charge of subsidiaries, setting the budget and if they don't meet it or better it, firing them. Until now this has worked, as can be seen by its results, but it is now clear that there has been a lack of financial control, or a breakdown in them between the U.S. and the UK. A question mark is also raised as to whether the group still has sufficient depth of management for a company that has grown so fast so quickly.

The group is facing its greatest problems in the U.S. which is its greatest single market. Half DCM's toy sales are in the U.S.

DCM's first major purchase in the U.S. was in April 1976 when it bought the ailing Louis Marx from Quaker Oats for $15m. (£8.2m). With potential sales—not yet achieved—of $70m it was a substantial addition to a company whose 1975 turnover was £38.7m (about $72m).

Quaker Oats virtually gave away Louis Marx, which it had acquired only in 1972 for $58m, even lending DCM $10m at ½ per cent over base rate. Louis Marx suffered a number of problems including a remote and bureaucratic management, a number of unused but saleable assets; and also from the fact that Quaker Oats had withdrawn from the highly profitable manufacture of toy guns on moral grounds.

Bob Butler, who had been responsible for turning round Rovex, was sent in to repeat the same magic at Louis Marx. He sold off the unwanted assets, including warehouses, drastically reduced stocks, cut back the workforce, re-introduced guns and reduced the product range from 125 to 75 items. A year later DCM announced that Louis Marx had made a small profit.

In March this year DCM bought Aurora, another U.S. toy company, from Nabisco for $10.8m, at an initial payment of $1.4m with the rest payable in instalments. Again DCM sold off the unwanted assets and integrated the company into the Louis Marx management.

This, announced DCM, was largely completed by July. According to the interim statement published last Friday, Aurora is currently exceeding the budget set at the time of acquisition, which is thought to have been break-even.

But DCM's U.S. problems will not be simple to solve. First of all the integration of Aurora into the Marx factory has caused havoc with production schedules, and this will take time to straighten out. Secondly, the cut-back in the number of product lines has left a range of toys which some observers—perhaps too critically—suggest is inadequate for the vast U.S. market. But in spite of all the cutbacks DCM is still left with many of the old overheads, such as machinery and labour.

Just as important is the state of the U.S. economy. According to a recently-published investment survey, 1978 has been a steady year for retail toy sales. There are fears, however, that it might not match the previous year's record levels. And if there is a general recession next year — as is widely predicted—then there will almost certainly be a sharp setback for the toy industry there. The fears are that toys will become a low priority item among families in the face of rising interest charges and higher inflation.

Over in Germany DCM's position with Schuco is also difficult. It continues to have little success in breaking into a new market and the latest indication is that budgeted losses—as yet undisclosed — will be £0.5m higher by the end of this year. Clearly, DCM must be tempted to dispose of this persistent lossmaker.

In the UK however, the picture is much brighter. While the toy industry suffered in 1977 from low consumer spending and severe de-stocking by retailers prior to Christmas, this year has seen a dramatic recovery. Toy sales are expected to reach record levels. DCM—in line with other toymakers—has managed to cash in handsomely and the UK will obviously provide most of the group's support for the full year.

This buoyant market is reflected in the first-half results of other toymakers in the UK. Lesney, for example, which also has an important U.S. contribution, increased its sales by more than a quarter after discounting the contribution of acquisitions, while Mettoy's sales were 13 per cent higher for a 36-week period—and the all-important Christmas season is still to come.

Gearing

Large in the DCM director's minds must be the high gearing. At July 1978, borrowings amounted to a seasonal peak of £45.5m ($91m) in comparison with pro forma total assets of £68.8m ($137.6m) at December 31, 1977. This includes a commitment to pay a $4.5m Eurodollar loan by 1980, and almost £4m ($8m) to Quaker Oats between 1979 and 1982.

When the institutions meet DCM management today they are likely to concentrate on two main issues: that of financial controls and on the prospects for Louis Marx. Presumably DCM is going to have little option other than to announce major changes in financial controls if it is to have any hope of restoring the institutions shaken confidence.

As far as the U.S. is concerned, DCM is staking a lot on one man; given the company's policy of autonomy, Bob Butler has the largest responsibility in the company in that he is responsible for 40 per cent of turnover. Success in the U.S. is vital and, if achieved, could restore DCM's fortunes; but if it does not DCM will be facing very serious problems. And the institutions will be seeking some very positive assurance that Louis Marx is still structually sound, and that the problem has been a temporary one.

More managers are game

TH but one full week left ore the closing date, entries the 1979 United Kingdom onal management champion- promise to top the elusive 0 mark for the first time.

ne reason why the rate of lications is up on that of year—when 928 teams made starting line—is that the e money has been more n tripled. Whoever wins the mpionship next summer will eive £2,000, compared with £1,000 banked this year by champion team from Shell.

n addition the second, third fourth teams who succeed reaching the final of the computer-based contest will respectively win £750, £500 and £250 as a return on their entry fee of £60.

The doubled first prize and the unprecedented rewards for the losing finalists are being offered to celebrate the tenth occasion on which a management competition has been run on a national basis.

It was in 1970 that the UK became the first country to link a challenging "business simulation exercise," as used in management-training programmes, to the postal services so that companies, other organisations and individuals, could show their skills in running a "paper" consumer - durable manufacturing concern. The initial sponsors were the Financial Times, International Computers and the Institute of Chartered Accountants in England and Wales, who have since been joined by the Confederation of British Industry and the Institute of Directors as associate sponsors.

Today similar championships are run annually in numerous other countries, including half a dozen in Europe. These now send their current national champions to compete each year for the European title

Jack Layzell, the UK chief administrator, says that the entry so far includes a good many experienced contestants. Among them are a batch of entries from IBM, who managed to gain two of the four places in the 1978 national final but in the end Shell prevented them from winning the title—part-sponsored by the rival ICL company. Dr. Terry Flitcroft, chief executive of the Unicorn Industries group who won the subsidiary "plate" competition this year, is also again at the starting gate to try to take the major championship.

Mr. Layzell adds that he expects to see a good many more well practised players coming forward before entries officially close on Monday week. But although there is still time for would-be champions to collect their application forms and enter, the administrators would be well pleased if entries were sent to them at National Management Game, Victoria House, Southampton Row, London WC1B 4EJ, early in the week rather than multitudinously posted off next Friday night.

Apparently there were so many late scholars when the lists closed last year, that a number of aspiring competitors had to be refused.

Michael Dixon

LOMBARD

Cocking snooks is habit-forming

BY ANTHONY HARRIS

BY SOME odd chance I read a report of edible shrimps being netted in the Thames only a few minutes after I had finished rather impatiently skimming through the latest offering from the Institute of Economic Affairs—*The Myth of Social Cost*. This tract by Professor Steven Cheung and others argues that the existence of pollution and similar problems is no justification for the extension of bureaucratic interference: they can be handled through suitably defined property rights.

As has become all too frequent recently in arguments from this source, there is a good deal less in it than meets the eye. Tell that, you might say, to the shrimps.

For a start, is this an economic question? Cleaning up the Thames is one of those achievements which seems so obviously good in itself that it has probably never been subjected to a cost-benefit analysis; it is hard to say why it is so satisfactory to know that the shrimps are down there, along with the dabs and the soles.

Idea persists

It is certainly unlikely that any fishing industry which springs up along the *dead docks* will make economic sense of the whole project; but the idea that an unpolluted river is a Good Thing in the Sellar and Yeatman sense persists. A myth, if you like: it can't be proved, but it is widely believed. The IEA's conviction that myths ought all to be debunked is in itself rather questionable.

Their analysis in this particular case is also questionable in a number of ways. For one thing, it rests on what might be called the *Myth of Bureaucracy—the* idea that all activities of all government departments are by nature bad, and ought to be stopped.

In this matter of social cost, any American can tell the myth-breakers of Lord North Street what the alternative is. Dealing with externalities through private contract means work for lawyers. *It is by no means clear* that the locust-like plague of lawyers which now infests the U.S. are in any way to be preferred to bureaucrats, or that the risks of suits for product liability, nuisance, disturbance and the rest make for an easier life than the requirement to meet regulations.

The pamphlet propagates *another myth, too — a kind of* positivism which assumes that anything which ownership could achieve, is achieved. In an epilogue John Burton, a jokey *wunderkind* of the far right from Kingston Polytechnic, studies the processes which have turned the Sahel from thin nomad pasture to desert. A drought of several years is acknowledged, but brushed aside. The real culprits are 1500 years of communal farming, topped off with bureaucratic interference by the United Nations.

Apart from the fact that this analysis seems to have nothing to do with the theme of the pamphlet, it is very odd in itself. If tribal farming lasted 15 centuries, is it really so bad a system? If property rights confer an incentive to proper husbandry (a truth acknowledged by such far from right-wing thinkers as Joan Robinson), does that make them an answer to all problems?

That is quite enough about the demerits of this particular pamphlet. The IEA, to be fair, has always believed in stating an extreme version of any case it puts up, in an effort to break *established patterns of thinking*; and if this one persuades anyone to pause before assuming that a Government regulation *is the right answer to every problem of social cost*, it will have done its work, no doubt. All the same, it is an annoying piece of work; and that could be said of rather too many IEA efforts recently. The IEA has been one of the most important bodies in Britain in making the case for the market economy respectable again, and an IEA pamphlet used to be an intellectual event. Now these pamphlets look too often like the kind of party game Don Quixote might have invented *when he got too old to carry* his lance against a windmill.

Boring work

The fact is that the IEA is now in the sad position of a revolu*tionary whose side has won. The* central case for the market and for decentralised decision-making is now the predominantly respectable way of thinking. We have floated the currency, imposed monetary targets, and even Mr. Wedgwood Benn subscribes to the right-wing Myth of the Small Company. It is time to get off the barricades and get *down to the more demanding* and boring work *of* tackling the problems of success — the problems of making a market that works, imposing an effective competition policy, of sensible rules for currencies, and so on. *It is not nearly so much fun as* putting whoopee-cushions on the seats of the mighty, but it needs doing, and the IEA, with its pantheon of market-minded contributors, could be doing it.

English wines: a fight against big odds

BY LYNTON McLAIN

IT WAS RAINING when I *came across my first* English vineyard. I was cycling, and shelter loomed up through the gloom of an early, autumn shower. It turned out to be the prized vineyard of Mr. A. S. Holmes of Wraxall, on the lowest of the low slopes of the south-facing Mendips in Somerset. I bought a bottle of the end product and, after the shower, cycled on more gingerly than before, preferring to leave the sampling until my return home.

Mr. Holmes picked his English grapes on November 5, Guy Fawkes day, last year. There were celebrations and sighs of relief. This season the timing will be little different, *perhaps a little later, but there* will be few bonfires lit in token of a successful end to the growing season. The indifferent summer has seen to that.

The Indian summer of a few weeks ago may have helped to *make-up for earlier lost warmth,* but tonnages of hardy English grapes will certainly not match the record crop of two years ago which made 500,000 bottles of English wine.

The expanding band of *English viticulturists will soon* have little choice about when to pick their crops. Few would wish to leave it much later than early November, when most continental grape juice has already seen the inside of a vat. The big worry *is* frost. This may creep up suddenly on a vineyard, leaving no time to summon pickers. Crops could be ruined overnight, bringing home the harsh realities of *attempts to commercialise* English vine growing and wry smiles to Gallic faces across the Channel.

But in Somerset they do know about grape growing and wine making: this year a Shepton Mallet, Somerset, vineyard offered its 1976 Wootton Schonburger wine for tasting by the wine masters of Trier, on the Moselle river. And they know about wines there, too.

The Wootton wine took first prize. . . .

Mr. Holmes's wines from Wraxall have also won prizes.

These successes, however, go hand-in-hand with a number of difficulties facing the English growers. There are problems of identity: of what people understand by the term English wine; there are also problems of competition from within the European Economic Community, plus those relating to excise duty, tax and classification.

And there is English weather. But in spite of these difficulties, 124 English vineyards have over 800 acres under vines. There were only about 10 *acres in 1967, when the* English Vineyards Association was founded under its present chairman, Mr. Jack Ward, who is managing director of the Merrydown Wine Company of Horam, Sussex.

One of the English industry's biggest headaches is the existence of confusion between British wines and English wine. To talk of the two types in the same sentence sends shudders down the vine of most English growers.

British wines are made from imported grape or other fruit juice. *The liquid may be fortified* with spirits producing British "sherry" "port" or simply British wine; English wine is made only from the juice of grapes grown locally.

French growers insist that it is almost impossible to grow wine grapes above 50° latitude, the line of which crosses the *UK at a point midway up the* Lizard Peninsular. Yet grapes grow successfully at Renishaw six miles from Sheffield, and in the grounds of the old bishop's palace at Lincoln.

Most English vineyards, however, are below a line drawn from the River Severn to the Wash: in Sussex, Essex, Surrey, Kent, Hampshire and Norfolk as well as Somerset, and all testify both to the persistence of English vine growers and the inaccuracy of the French judgment.

Vineyards need about 1,700 hours of sunshine a year and less than 30 in of rain. The site has to be sheltered from cold winds, especially during flowering time, as wind may make the flowers wilt before pollination, killing the chance of fruit. There should also be good drainage, no frost and the vines should face south, preferably on a slope no more than 400 ft above sea level.

Faced with these physical constraints and a limit to the amount of land available, the potential for vine-growing in England and Wales—the latter was *briefly the source of red* wine, from yards lining the River Taff, in the late 19th century—is limited. The surprise is that there are so many successful growers and producers, particularly in the face of other, man-made disincentives.

Output from the English *vineyards last year was only* half that of the record-breaking 1976. The forecast for this year is that the crop will be "dreadful," and many producers will face financial hardship additional to that already *created by the refusal of the* British Government to recognise that wine production is an agricultural activity as defined by the European Community in Brussels.

All wines from the EEC imported into Britain are subject to the same excise duty as English-produced wines. But there the equality ends. The Italian, German or *Luxembourg* producer pays no duty on still wines for domestic consumption. *The English producer, on* the other hand, pays 50p a bottle.

The domestic wine duty on English wines is almost 100 times that levied on French wines sold in France.

The EEC *recognises* that the cultivation of vines and the production of wine are both part of an agricultural operation. Wine-producing member states have access to agricultural grants, low interest loans and insurance against crop losses. But in Britain, buildings used for pressing grapes and for fermenting wine are rated as industrial premises and similar EEC agriculture aid is not available.

The differences highlight the uncertain financial viability of some English vineyards, which may be badly hit this year if the grape crop is as poor as has been forecast. They also go some way to explaining the high cost of English wines in comparison *with those from* other EEC members.

A bottle of English wine *from the* award-winning Wootton vineyard near Shepton Mallet costs about £3, well into the price category for a reasonable French wine carrying the appellation contrôllée designation. English wines, however, have to be called *table wines*, as the EEC is not prepared to allow English producers to apply for quality wine status. The EEC regulations 816/70 and 817/70 cover wine production and designation and only certain approved vines *may be used* and then only to produce a limited quantity of wine.

Britain does not have the experience in wine production to satisfy EEC requirements and only the EEC will say when English producers have amassed this experience. One vital step towards EEC recognition has *been made* with the granting of a certification trade mark for English wines.

This was approved by the Department of Prices and Consumer Protection earlier this year, after five years of campaigning by the EVA. The association applied first to the Patents Office for a trade mark *that would guarantee* to the consumer that the English wine carrying it was made to laid-down standards and was palatable.

Nearly 50 English vineyards have applied to use the trade mark and will soon be submitting bottles for testing.

AROUND BRITAIN

ENGLISH WINES

Bluebell ready to set Carson on path to Newbury treble

RACING

BY DOMINIC WIGAN

WILLIE CARSON, whose pursuit of winners up and down the length and breadth of the country since March will see him finishing the season with one of the biggest post-war hauls for a champion jockey, looks to be the man to follow today at Newbury.

His mounts include the course *and distance winner Bluebell in* the afternoon's principal Flat event, the seven-furlong Radley Stakes; Philip Mitchell's consistent Epsom challenger, Telsmoss, in the Dick Dawson Nursery; and another course *winner, Overtrick, who goes for* the William Clark Stakes.

All three could win.

The best bet from the trio should be Bluebell, racing in the Eton blue and black colours of Lord Porchester, which look likely to be carried with distinction by Smuggler's half-brother Elusive Pimpernel in some of the big staying events next season.

The head conqueror of Nusentara in a valuable but weakly-contested event over six furlongs at Windsor in August, Bluebell *almost certainly put up a better* performance over a furlong further at Newbury last month, beating Admiral Grenville by half-a-length under a stiff weight in a 13-runner nursery.

Any improvement on that *running should see him giving* 8 lb to Pelican Point, a respectable third behind Head Huntress over this course and distance recently, and the same weight to the once-raced High Line filly, Quay Line.

Peter Walwyn, whose Seven Barrows stable was side-lined for the best part of the summer because of a virus, has been picking up one or two useful prizes in the last ten days or so and Tipstaff could provide him with another winner in the Reading Maiden Stakes.

This well-made bay colt by Busted out of the Palestine mare Pale Carnation need only produce the form which saw him running second to Barnbougle at Wolverhampton last time out.

As expected, the particularly fast conditions for jumpers have brought about disappointing turn-outs for both the National Hunt events. In the second of these, the William Hill Hurdle, I expect Alan Jarvis's five-year-old Prousto to take advantage of the 6 lbs he receives from Sea Pigeon.

The only other runners here are *Heluan* and *Salado*, who both appear to be outclassed.

NEWBURY

2.00—*Tipstaff****

2.30—Jimmy Miff

3.00—Prousto*

3.30—Bluebell**

4.00—Telsmoss

4.30—Overtrick

ENTERTAINMENT GUIDE

TV/Radio

† Indicates programme in black and white

BBC 1

9.30 am For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Heads and Tails. 2.02 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Hong Kong Phooey. 4.30 Jackanory. 4.45 Captain Caveman (cartoon). 4.55 Crackerjack.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
7.00 Tom and Jerry.
7.10 Star Trek.
8.00 Going Straight.
8.30 Rings On Their Fingers.
9.00 News.
9.25 Target.
10.15 Tonight—In Town (London and South East only).
10.45 Regional, National News.
10.50 World Gymnastics Championships.
†11.35 The Late Film: "Dark City," starring Charlton Heston.

All Regions as BBC-1 except at the following times:—

Wales—1.45-2.00 pm Nant-Y-Pant. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.30-8.00 Cawl A Chan. 10.15 Kane on Friday. 10.45-10.50 Regional and National News.

Scotland—10.23-10.45 and 11.05-11.25 am For Schools. 5.55-6.20 pm Reporting Scotland. 10.15 *Spectrum*. 10.45-10.50 *Regional*, National News.

Northern Ireland—10.23-10.43 am For Schools (Ulster in Focus). 3.53-3.55 *pm Northern Ireland* News. 5.55-6.20 Scene Around Six. 10.15 Gallery. 10.45-10.50 Regional, National News.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) Newscue; Midlands (Birmingham) Hurdy Gurdy; North (Leeds) Close-up North; North East (Newcastle) Friday North; North West (Manchester) Home Ground; South (Southampton) It's Your Bid; South West (Plymouth) Peninsula; West (Bristol) Tilston, Carlin and Friends.

BBC 2

11.00 am Play School (As BBC-1 3.55 pm).
2.15 pm Racing from Newbury.
4.30-4.55 Ceefax is Here.
7.00 News on 2 Headlines.
7.05 The Best of Indoors Outdoors.
7.30 News on 2.
7.35 One Man and His Dog.
8.05 Top Crown.
8.30 Wuthering Heights.
9.25 Selected Horizons.
10.15 Sounds Like Friday: Leo Sayer.
10.45 Late News on 2
11.00 Rock Goes to College.

LONDON

[illegible]
11.00 Police 5.
11.10 The London Programme.
12.[illegible] George Hamilton IV.
12.[illegible] Close: Elizabeth Barrett Browning poem read by Katharine Cornell.

All IBA Regions as London except at the following times:—

ANGLIA

2.25 pm Anglia News. 5.15 Happy Days. 6.00 About Anglia. [illegible] 11.35 Friday Late Film. [illegible] 1.15 am [illegible]

ATV

1.20 pm ATV Newsdesk. 5.15 Happy Days. 6.00 ATV Today. 11.00 The [illegible]

BORDER

†1.20 pm Border News. 5.15 Garnock Way. 6.00 Lookaround Friday. 6.30 Thingummyjig. [illegible] 11.30 Barnaby Jones. 12.25 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 5.15 Emmerdale Farm. 6.00 Report at Six. 6.25 The Lost Islands. 7.30 [illegible] 10.28 Channel Late News. 12.00 The [illegible] 12.45 am News and Weather in French.

GRAMPIAN

9.25 am [illegible] 1.20 pm Grampian [illegible] 5.15 [illegible] 6.00 [illegible] 6.30 [illegible] 7.30 [illegible] 11.00 [illegible] 12.00 [illegible] 12.05 am Grampian Late Night Headlines followed by Road Report.

GRANADA

1.20 pm This Is Your Right. 1.30 Mr. and Mrs. 5.15 This Is Your Right. 6.00 Granada Reports. 6.30 Kick-Off. 11.00 Reports Extra. †11.30 Friday Film: "The Defiant Ones," starring Tony Curtis and Sidney Poitier.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 5.15 Laverne and Shirley. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 11.00 Report Extra. 11.30 Code R.

HTV Cymru/Wales—As HTV General Service except 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.15-4.45 Plant Y Byd. 6.00-6.15 Y Dydd. 11.00 Outlook. 11.30-12.30 am The Outsiders.

HTV West—1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and Road Report. 1.30 Housepartv. 5.15 Mr. and Mrs. 6.00 Scotland Today. 6.30 Emmerdale Farm. 7.30 Thingummyjig. 11.00 Ways and Means. 11.30 Late Call. 11.35 Richie Brockelman.

SOUTHERN

1.20 pm Southern News. 2.00 Women Only. 5.15 Happy Days. 6.00 Day by Day. 6.00 Scene South East (South East Area Only). 6.30 Tell Me Another. 11.00 Weekend. 11.05 Southern News Extra. 11.15 "Jigsaw John."

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 5.15 Mr. and Mrs. 6.00 Northern Life. 6.25 Sportstime. †11.00 The Friday Film: "The First Man in Space," starring Marshall Thompson. 12.30 am Epilogue.

ULSTER

1.20 pm Lunchtime. 1.30 Rolf Harris. 4.13 Ulster News Headlines. 5.15 Mr. and Mrs. 6.00 Reports. 6.30 Sportscast. 11.00 Rafferty. 11.55 Bedtime.

WESTWARD

YORKSHIRE

(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Paul Gambaccini. 7.30 Sequence Time (S) (Joins Radio 2). 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Tony Brandon [illegible]

RADIO 3 464m, Stereo & VHF

RADIO 4

BBC Radio London

206m and 94.9 VHF

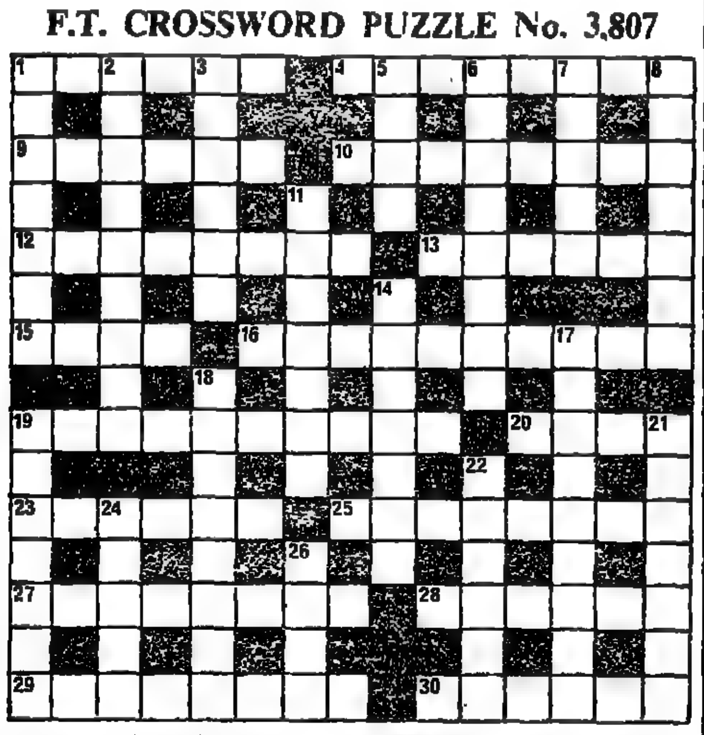
London Broadcasting

261m and 97.3 VHF

Capital Radio

194m and 95.8 VHF

F.T. CROSSWORD PUZZLE No. 3,807



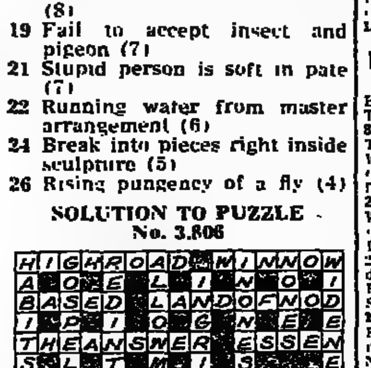
ACROSS

1 Remains with army unit going to the east (6)
4 Business-like though admitting an alternative (8)
9 Up-to-date fashion sailors follow (6)
10 Ring the embassy, it could be an error (8)
12 Spreading tree may be a joke (8)
13 Great finish of internal-combustion engine (3, 3)
15 Part of flute or other instrument (4)
16 Sing about something of substance? Just a little! (10)
19 Patient in favour of animal and insect (10)
20 Distorted lips creating a defect in speech (4)
23 Nonentity with no trunk (6)
25 SHAPE from U.S. army headquarters? (8)
27 As certain troops and pollen may be, with no earthly connection (8)
28 Report associate and talk about it (6)
29 Fired *one crowd of people* to take legal action (8)
30 Delighted with notice about goddess (6)

DOWN

1 Company with unusual claim may be droll (7)
2 Communist communication could denote a holiday (3-6)
3 Right in spite of spirit (6)
5 Carry part of animal back (4)
6 Delayed good man and rested outside (8)
7 Join group of soldiers going to the east (5)
8 Low fellow to support and follow (7)
11 Abstract total *going to contrary* girl (7)
14 Metal worker from the south is a disagreeable person (7)
17 Gelatine is in drinking vessel (9)
18 Rash leader left on Gateshead (8)
19 Fail to accept insect and pigeon (7)
21 Stupid person is soft in pate (7)
22 Running water from master arrangement (6)
24 Break into pieces right inside sculpture (5)
26 Rising pungency of a fly (4)

SOLUTION TO PUZZLE No. 3,806



Cinema

Bergman's uncontainable anger

by NIGEL ANDREWS

The Serpent's Egg (X) Academy
Eyes of Laura Mars (AA) Odeon Leicester Square
The Greek Tycoon (AA) Plaza
Death on the Nile (A) Studio 4 and ABCs Shaftesbury Avenue, Fulham Road and Bayswater

There is a small, beleaguered band of film critics — the undersigned among them — who think that Ingmar Bergman's *The Serpent's Egg* is a good film. In most newspapers and film magazines, the movie has been trampled to death; stigmatized as one of the Swedish director's more vulgar and hyperbolic efforts, a sort of horror-comic vision of Germany in the mid-'20s, when the taste of poverty was on everyone's lips and the heady aroma of Nazism was scented from afar.

The film, undeniably, is an odd, mongrel-looking thing: a West German production produced by an Italian (Dino di Laurentiis), directed by a Swede, and starring a Swedish leading lady (Liv Ullman) and an American leading man (David Carradine). It tells the eccentric story of a circus artist (Carradine) and the wife of his dead brother (Ullman), who find themselves marooned in Berlin just when the first anti-Jewish feelings are being given semi-official physical expression. (He, being called Abel Rosenberg, is among those on the receiving end; and so is she, although she goes by the stage name of "Manuela"). Just to compound the potentially overcooked material, the whole film was shot in a studio (in Munich), among visibly studio settings, as if Bergman had turned the clock back to the German Expressionist era, circa 1920.

There are films that artists make in tranquility, "recollecting" emotion, and there are films that artists make in turmoil, feeling it. Anglo-Saxon critics tend to favour the former, since they are usually orderly and digestible, and to shy away from the latter, which are often visceral and inchoate. Bergman clearly had almost *too much* to say about Nazism and his feeling towards it, and the result here is an emotional switchback ride which jolts the viewer through more changes of mood and style than he is used to in a single movie. It is not a comfortable film, but comfortlessness is the film's great power. It never stops stripping away the facile preconceptions from its too-familiar subject.

It takes on, quite deliberately, the style and logic of a nightmare. Carradine, a wandering Jew who has wandered into one of history's most tragic and terminal culs-de-sac, is guided step by step down the ladder of humiliation: beginning with mild police persecution (the Inspector is played by bluff Gert Froebe, and we never know if he is a kindly official or a proto-Nazi—or, more sinisterly, both) and slipping slowly into the power of the evil Dr. Vergerus (Heinz Bennent), a re-encountered friend from childhood.

Vergerus gives him a clerical job in a "library" that is more like a cross between Kafkaesque labyrinth and Nazi bunker. The nightmare grows around Carradine: friends mysteriously disappear, a Jewish night-club is raided and its owner beaten up, he and Manuela find that the apartment lent them by Vergerus is mined with two-way mirrors and hidden cameras, finally an encounter with Vergerus himself in the bowels of the library reveals the doctor to be a researcher in human pain (he shows Carradine film of his experiments) and an eager, articulate herald of Hitler's coming.

The film's fabric is woven from the almost coeval nightmares of Nazism and German Expressionism, and it deliberately stitches together historical authenticity (there is much play with the grim facts of German inflation in the '20s, people carrying around Deutschmarks by the bagful) with horror-film exaggeration. The movie is a counterblast to all those well-meaning feature films and documentaries that have tried to "contain" the subject of Nazism: to put it under a glass case in the museum of human history. Bergman's anger and horror are uncontainable. Like a live creature struggling in a bag, they keep punching odd shapes and bumps in the movie. I saw the film first at this year's Berlin Film Festival, and though there were smoother, more finished, even "better" movies in the festival, this is the one that has stayed and grown in my mind.

*

Fascinated followers of the colourfully diverging opinions of the New Yorker magazine's two famous film critics, Penelope Gilliatt and Pauline Kael, will have noted their contrasting views on the new thriller *Eyes of Laura Mars*. Gilliatt hated it: "nothing if not trite." Kael loved it: "a really stylish thriller."

I am with Kael. *Eyes of Laura Mars*, though strictly catchpenny in its aims, is rather like *The Serpent's Egg* in its style. It goes out on a limb of bold hyperbole and dares you to follow. It is a thriller set in the fashion-photography world of New York, and concerns the concatenation of two rather outré phenomena. One is a series of grisly murders in which the victims' eyes are poked out with an ice-pick by person or persons unknown. (The victims are various of photographer Laura Mars's models and colleagues). The other is Miss Mars's own psychic ability to "see" the murders in her mind's eye while they are happening. The film moves towards a climax in which Miss Mars's own life and eyes are threatened by the unknown killer, and she knows of his approach.

Anyone deterred for life from seeing psychic thrillers by the awfulness of Brian De Palma's *The Fury* should take fresh heart. This film, based on a story by John Carpenter (of *Dark Star* and *Assault on Precinct 13*) and directed by the versatile Irvin Kershner (of *Loving, The Return of a Man Called Horse* and *Raid on Entebbe*), is everything that *The Fury* should have been, tried to be, and wasn't. It has a clear, firm, plausible plot, as opposed to the unnucleated hokum of Mr. De Palma's story, and it sets up fascinating vibrations between the voyeurist aspects of the heroine's profession (her speciality is svelte sex-and-violence pictures, using such components as wrecked cars, corpses and semi-nude ladies) and the killer's unerring obsession with his victims' eyes.

Laura Mars is played by Faye Dunaway, an actress whose highly-wrought, metallic style I usually find resistible. But here, garbed in a series of weird-and-wonderful costumes by Bernardene Mann, she is in imposing form. As the high priestess of a society nurtured on titillation, she and her disciples are the first to go to the wall when that society, or one psychotic member of it, turns against them. The film, as Miss Gilliatt observes, does not delve too deeply into the moral questions posed by fashion photography. But it has more to say on the matter than she gives it credit for: and it is also—for which she gives it no credit at all—a first-class thriller.

*

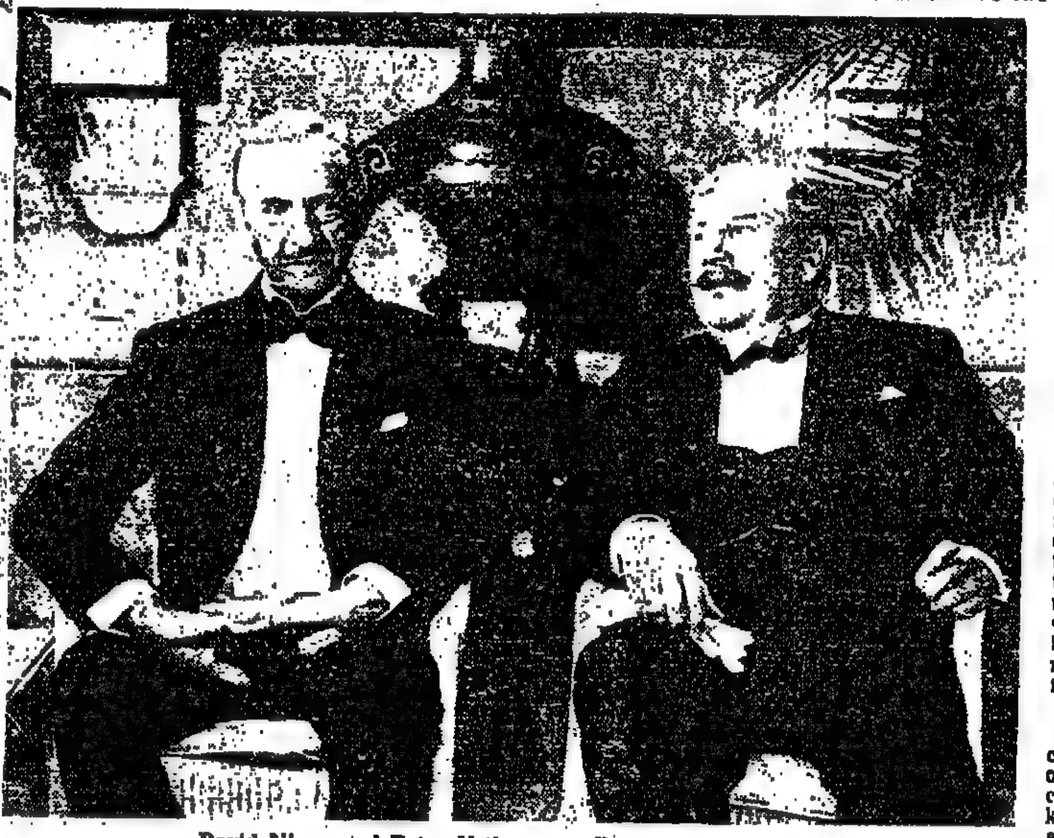
The Greek Tycoon is third-class mush. The lives and loves of a certain well-known American lady and a certain well-known Greek shipping magnate are paraded before us in fictional guise with a mixture of big-screen overkill and soap-opera coyness hard to rival. The lady's name in the movie, in case the slower among you are still not with it, is Liz Cassidy and she is married to an American President called James Cassidy. The latter is assassinated on a beach one day, and his widow, feeling after a discreet interval the lure of the Mediterranean, runs off to marry an old friend and flame, shipping tycoon Theo Tomasis. Mrs. Cassidy, later Mrs. Tomasis, is played by Jacqueline Bisset, and Mr. Tomasis by Anthony Quinn: and the film is directed, with a daft seriousness and a plethora of helicopter shots, by J. Lee Thompson.

The ending gives it all away, really. There is Mr. Tomasis standing on the quayside of a Greek Island, while the sun sets, the peasants gather for their evening drink, and the sounds of a Greek zither impinge on the silence. Slowly, wistfully, solitarily, Mr. Tomasis breaks into a Greek dance. Of course we always knew he was really Zorba the Greek in rich man's clothing, a simple country peasant who had strayed from his roots: partly because the scriptwriter keeps telling us, and partly because mad Mediterranean passions keep breaking through his relationship with Miss Bisset. "You bastard" she cries the day after their honeymoon night, aiming a vicious foot at his manhood. "You crazy bitch" he returns, or something similar, as he catches the foot and struggles with its owner.

We are supposed to be looking at all this—knowing the characters' real-life counterparts—and saying, with a lick of the lips, "How are the mighty fallen!" It is gutter cinema dressed up by Universal Studios, Hollywood. But for the most part, when one would think that at least the yellow-press titillation elements would keep one's (worst) interests aroused, it is a surprisingly long, wan and boring 107 minutes.

*

Death on the Nile is even longer—two hours 20 minutes, to be exact—but not quite so boring. To begin with, life on the Nile steamer *Karnak* is more eventful than life on the Tomasis yacht, featuring many murders and an all-star passenger list. Bette Davis, Angela Lansbury, George Kennedy, Maggie Smith, David Niven and Mia Farrow are among the Nile travellers. Peter Ustinov twirls his moustache as Poirot, giving a funnier, less contortionate performance than Albert Finney in *Murder on the Orient Express*: and the unmasking of the killer is done in typical Agatha Christie fashion with a gathering in the first-class saloon. The film's story and style are both somewhat fossilised, with much posturing and arch delivering of one-liners. But since the players themselves are good value why, as the younger Miss Davis would have said, ask for the moon when one has the stars?



David Niven and Peter Ustinov in "Death on the Nile."

The 'We' company

Birmingham Arts Lab

We

by MICHAEL COVENEY

Yevgeny Zamyatin's classic 1920 anti-Utopian novel has a lot to offer the imaginative theatre company. Posted to an unknown audience like messages in bottles, the first-person narrative contains elements of science fiction, sexual fantasy and psychological persecution in the automated glass world of The One State, where impulse and inspiration are acknowledged only as an obscure form of epilepsy.

Zamyatin was a notable dissident in post-Revolutionary Russia, his exile and prophetic criticism of Stalinism paralleled today by the career of Solzhenitzyn, his novel a model for Huxley, Orwell and perhaps even Anthony Burgess. In modern theatre, American companies such as the Open Theatre have created memorable satires on societies constricted by uniformity of habits and values.

In conjunction with Birmingham Arts Lab staff, the Pip Simmons Theatre Group has worked for a month on this project and come up with a vintage ensemble piece. The audience is welcomed by the actors wreathed in false smiles, stationed throughout the auditorium in antiseptic, white figure-hugging tunics. They are Zamyatin's "numbers," the contented hollow men of The One State. Like clockwork puppets, they salute their Benefactor, go to bed, rise and don blue plastic overalls to the accompaniment of Chris Jordan's throbbing, electronic music, their simultaneous actions reproduced on several video screens around the theatre.

They operate in a social and cultural vacuum, a feeling well known to the Pip Simmons group in recent years. From this derives an energetic sense of ambiguity in performance, with the "numbers" addressing us as decadent savages, the ancients. Zamyatin is ironically approving of our cultural heritage, but when the show moves from the first auditorium into a second space for a demonstration of art as *we* know it, the actors set about Rakhmaninov, ballet dancing and poetic recital with hysterical panache, suggesting perhaps that the Benefactor has a point after all. Pandemonium breaks out among the potted plants.

Next we all remove to the Museum of Antiquities. Simmons has deleted Zamyatin's voluptuous E-330, but Roderic Leigh assumes the identity of the narrator, the one with an incurable soul. The hall is like a nightmarish 1950s dance hall, populated by faceless teddy boy dummies. After an hilariously anaemic dance sequence, Mr. Leigh and a girl who wants a child (Zamyatin's 0-90) strip off for a sexual two-step that turns aggressively sour and rebellious. The other numbers calmly explain that we have had both the last waltz and the last revolution.

The action moves again to the Arts Lab forecourt, where the pregnant girl (Sheila Burnett) is sent away in an inflatable bell jar, presided over by the faceless Benefactor and "numbers" ranged around the skyline. The lighting by Steve Whitson is here, as throughout, quite superb and we adjourn to the first auditorium, leaving Mr. Leigh sobbing disconsolately outside. Mr. Leigh eventually reappears to suffer the Grand Operation, excitingly evoked by laser beams and billowing smoke. He reverts to, "a normal condition, which is total submission." The company rock mellifluously into a final number and, once again, the all-embracing Smile.

This marvellous show plays at the Chapter Arts Centre, Cardiff, in November, and the University Theatre, Newcastle, in December. I only hope that a London showing can be arranged so that everyone down here is alerted to the fact that Pip Simmons is back *in business*—with a bang.

No cash for Prospect Theatre

The Arts Council has refused to raise its grant to the Prospect Theatre company to ensure that the Prospect's plans to turn the Old Vic into a third London theatrical power base, alongside the National and the RSC, can be realised. The Prospect receives £310,000 from the Council to help with its touring programme, but director Toby Robertson was looking towards the Arts Council for help in its ambitious plans to build up the Old Vic during the six months of the year when the Prospect was not on tour. Now the future of Prospect at the Old Vic depends greatly on its success in attracting commercial sponsorship, and donations towards its redevelopment appeal.

Covent Garden

The Sleeping Beauty

According to its lights Wednesday's performance of *The Sleeping Beauty* by the Royal Ballet must be accounted a success. It featured the company's senior ballerina, Merle Park, as Aurora, its leading virtuoso dancer, Wayne Eagling as Florimund; there were legions of well-drilled, well-mannered dancers in supporting roles; every shoe and boot on stage had red heels, and the score was more alertly played under Robert Irving than at some recent performances.

In that indomitable British spirit of compromise that sacrifices every principle (in this case of authenticity to Petipa and Sergueyev) in order to propitiate and ingratiate, Ashton's stylistically anachronistic and dramatically debilitating Awakening *pas de deux* is still featured, and Carabosse's vicious mime reduced to static moping, even now that Catalabutte has been given a decent costume and can afford to lose his hair as Petipa intended. The whole affair is what English audiences have come to expect as a "classic," enshrining what the Royal Ballet knows as "classic dancing," and any implied condemnation—which will be perceptible in what I write—is thought to be wrong-headed, ill-natured, or damned ignorance.

Nevertheless. Certain qualities that I have come to expect of classic dancing seemed to me to be absent. Merle Park's interpretation was light, easy, totally musical; technically every hurdle was overcome—poses, balances, fish dives, multitudinous pirouettes were serene—and the role was given with a delicate charm.

What I missed here, and in almost every other soloist performance, was an extra grandeur of utterance, a feeling for the nobility of the academic dance itself. With the dancers of the Kirov Ballet we have been able to see in the past how the very nature of a movement, its essential physical quality, its logic and the aesthetic force implicit in it, could be revealed in performance—the supremacy of the Kirov lay in just this fact. The comment may seem high-falutin' but this Leningrad attitude makes for a richer texture in the dance, and the thinness of tone in the Royal Ballet's account of *Beauty* seems to me ultimately to minimise both Petipa and Chaikovsky.

An honourable exception was Wayne Eagling, whose dancing appears more conscious than most of the *magnificence* which lies beyond the actual performance of a step. He dares; and under the formal outlines of the dance one can sense the drive for a greater clarity, a sharper identity for movement. I find also in the dancing of Alfreda Thorogood a harmony so fundamental to the *danse d'école*: as a Prologue Fairy and as Princess Florine she gave performances of classic distinction, beautifully poised in manner.

CLEMENT CRISP

Sadler's Wells

Cinderella

For the last two performances of the English Music Theatre *Cinderella*, Della Jones has returned to the title role. On Wednesday she was on sparkling form, a Cinderella in whom plucky charm of person, quick liveliness of facial expression, and brilliantly fluent management of the Rossini coloratura find happy balance.

Although Miss Jones's portrayal constantly brought to mind that of Patricia Kern, the most admired British Cinderella of recent years, it was more by reason of the differences between the two singers than of their similarities. Miss Jones's timbre is perhaps less melting, less softly sympathetic in each repetition of the sad little fireside song. The special qualities of her voice are its attractive edge, its unusual colouring and speed of attack; the runs, the fioriture, the bubbling semiquaver streams, all are seized on and defined with dramatic boldness. Miss Kern never quite seized the finale of the opera, and dazzled the audience with the sheer verve and vivacity that was Miss Jones's in the Rondo on Wednesday. It is not only the voice that demands attention; eyes, witty utterance of words, a subtly elastic sense of rhythm—all these elements play their part in a splendid account of the role, one which no Rossini lover should miss.

Neil Jenkins is once again her Prince. He is not really dashing, not really romantic; but with well-groomed singing and pleasant playing he gives a most likeable performance. The whole show is likeable. It is not always tidily sung (Miss Jones gives a lesson to the entire cast in drawing dramatic expression from the vocal line), nor acted with uniform degrees of polish: but it is persuasive of the most important things about the opera—its warmth, its tender wit.

MAX LOPPERT

Comedy

Molly

by B. A. YOUNG

The facts of the Alma Rattenbury case are fairly well known, and were broadly paralleled recently in Sir Terence Rattigan's last play, *Cause Célèbre*. Briefly, Mrs. Rattenbury took as her lover the 17-year-old boy who had come to work for her, and as a result her old husband was murdered. The pathos of the case springs from Mrs. Rattenbury's determined effort at the trial, where she and the boy were tried together, to take the whole blame and let her lover go free.

Simon Gray's version stays close to history as far as the murder. Molly, an amoral woman in her thirties, lives in a detached house in Surrey with her husband Teddy, an ageing deaf Canadian, and a companion-housekeeper, the decent spinster Eve. She engages Oliver, an oversized teenager of limited intelligence, to come and work as chauffeur and gardener, and seduces him in a week or two. When affairs have got so much out of order that even deaf old Teddy can see what is going on and sacks the boy without notice, the boy stabs him in the back with a pair of garden shears.

Mr. Gray's signature is perceptible in Teddy's domestic habit of spanking his wife across his knee when she smokes too much, and in a suggestion that, when Molly had tried to put the blame on Eve and then claimed it for herself, Eve had shopped Oliver out of jealousy, having fallen victim to a lesbian weakness for her mistress. But the characteristic style is not much to be seen elsewhere.

The subtle character-drawing that we saw in *Butley* and *Otherwise Engaged* is quite missing. The people in this drama act and talk like people in a romantic drama. No doubt this is how such superficial people do talk—we can't expect them to sparkle like publishers or dons—but it makes hard work for the audience, and, which is worse, for the players, who are given nothing worth aiming at. Billie Whitelaw's Molly is a provincial housewife with a weakness for neat gin and the chauffeur and even Miss Whitelaw cannot give her a real individuality. (She is supposed to have written, and even at one point to sing, a song about seal-culling: but all she sings is Parry's *Jerusalem*.)

Anthony Allen does make something interesting of Oliver, because he is not such a stereotype. The slow incomprehension of his seduction, as he sits in the drawing-room wondering whether he is at work or not is nicely done, and so is his clumsy surrender to sex later on. I think it would be advisable to give him a wig of some kind, though: he looks every bit of 30 years old.

Even at the moment when he plunges the shears into Teddy's back, he seems a pace or two away from reality. T. P. McKenna's Teddy, being so deaf always is out of touch: he shouts breezily at everyone, making jokes from a sense of duty, yet aware—as he says in a moving speech not long before his death—that he is an object of boredom or worse to all. Only Eve is ever kind to him. She is kind to everyone except Oliver, whom she treats as a poor-quality servant in spite of Molly's constant destroying of her authority. Barbara Atkinson plays her truthfully and succeeds, like Miss Whitelaw, in producing only an uninteresting woman.

The director is Stephen Hollis and the designer of the suitably tedious drawing-room and attached conservatory is Christopher Morley.

Festival Hall

Rozhdestvensky

by RONALD CRICHTON

That the BBC Symphony Orchestra's new chief conductor would inject new life into a band leaderless—for reasons beyond anyone's control—for too long was always a probability. All the same, it is reassuring when probabilities become certainties. Rozhdestvensky, apart from his other virtues, has a gift for designing appetising programmes—or should one more exactly say, for giving highly stimulating accounts of programmes well designed for him by others? Wednesday's concert brought together three S's. Skryabin and Stravinsky might have been foreseen, but there was also a centenary tribute to a composer rarely if ever heard on South Bank—Franz Schreker.

Schreker's Suite *The Birthday of the Infanta* originated in a ballet-pantomime written for the opening of an exhibiton at the Vienna Secession in 1908. Fifteen years later, he rescored the work for a large orchestra for Mengelberg and the Concertgebouw Orchestra, who first gave it in the new form. The "Suite" is continuous (the subject is Wilde's story about an ugly dwarf who loved a young princess): it would be interesting to know how much it differs from the original. The later scoring is weighed down with the ornate, Klimt-like colours which, to judge from the operas that occasionally come our way on the radio, Schreker liked. The flavour is peculiar—peacock pie with gilded gravy? The final movement is genuinely touching. The score might be worth the attention of a mime company, but unless they are rich they had better unearth the first version.

The Skryabin was not one of the monster orchestral works but the early, ravishingly and candidly lyrical Piano Concerto. Rozhdestvensky's wife, Victoria Postnikova, played the solo part with concentrated absorption and wayward but spellbinding delicacy. Few piano concertos by a composer not always drawn to modesty and understanding can ever have opened so shyly and quietly: in the first two movements dynamic markings above *forte* are unusually rare. No doubt the lack of display (there is some in the finale, but not much) has worked against popularity—but who could resist the central movement, to say nothing of the rest?

Petrushka in the original (1911) version was very fine with splendidly exhilarating winter-fair music and chording of a depth and resonance that we haven't heard from this orchestra for some time. Yet there was also a monumental aspect not un-Stravinskyan but not altogether right for a work so concerned with physical movement, much of it rapid. Everything came out a bit larger than life. Of the principal characters so vividly painted in the music the grotesque Moor was best suited to this treatment. One almost forgot the poor little puppet-with-a-heart who should be the central figure.

New director for British Film Institute

The governors of the British Film Institute have announced that Professor Edward S. Perry, at present Dean of Arts and Humanities at Middlebury College, Vermont, U.S.A., has accepted their invitation to become the Director of the British Film Institute. He will succeed Mr. Keith Lucas who, as has already been announced, will become the BFI's part-time consultant on television for a period after his retirement.

FINANCIAL TIMES

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Friday October 27 1978

Rigging the market

ONE OF THE less-noticed results of the continuing crisis of the dollar is that foreign inflows into the UK have started again. They have certainly not been on the massive scale which forced the authorities to abandon intervention a year ago, but they are still significant. These inflows, the counterpart of official support, have added some £500m to the money supply in the three months up to mid-September, and have certainly continued since then. We are in a modest way importing American inflation, and this certainly has something to do with the revived inflation fears in some quarters in the City. Intervention is bad for monetary control.

The motives of the authorities are understandable. We have welcomed the Government's broad commitment to a strong pound for the discipline it exerts on prices and, at one remove, on pay. However, one can clearly have too much of a good thing, as has been shown in widespread worries over the fact that we might enter a European Monetary System at too high a parity. We seem to have drifted back into the situation where efforts to maintain competitiveness in the short run by intervening in the exchange markets risks undermining it in the longer run through monetary inflation.

Dilemma

This dilemma is of course much more vividly felt in the traditional strong - currency countries. In Germany monetary growth has been well above target, and Switzerland has adopted a deliberate policy of monetary inflation to slow the appreciation of the franc. Our own intervention may be seen as a response to larger intervention elsewhere—a regrettable necessity.

Sterling is a special case, however, for its scarcity in foreign markets is deliberately engineered. Exchange controls on capital movements not only remain in force, but are being enforced with the full rigour demanded by the 1976 crisis. Thanks to the prejudices of the Left, and something of a Singapore mentality among monetary officials, our defences are facing the wrong way.

The problem may appear a very marginal one at the moment, but it must be remembered that our own circumstances are at present abnormal. We are at the height of a consumer boom; North Sea oil production is some six months behind expectations; wage costs have risen very sharply. If the effective rate for sterling has proved fairly robust in these circumstances (and of course a strong appreciation against the dollar has been permitted), the problems of a different situation can readily be imagined. Present forecasts suggest a strong growth of oil output next year, and a sharp slowdown in the rise in consumer incomes. The public support now evident for wage restraint makes it more realistic to hope for a slower rise in earnings. At the same time, action to expand demand and reduce surpluses in the strong currency countries should be taking effect. Other things being equal, the underlying strength of sterling could well be maintained, even if the dollar stabilises.

Offsetting oil

The problem is much more easily understood if the uncertainties over the dollar are left out of the picture for the moment. A large improvement in the oil balance of payments, must make sterling scarcer unless it is offset in one or all of three ways: a deterioration in the non-oil balance; an outflow of official capital, by way of debt repayment or of additions to the reserves; or an outflow of private capital. If the last route is blocked, and the market rigged, the authorities must either intervene, or watch our competitiveness erode far enough to produce an offsetting fall in net manufactured exports. This dilemma has been evident in theory since the potential of the North Sea became clear. Exchange controls potentially enforce a choice between inflation and industrial recession.

The progressive freeing of capital movements offers an escape from this unpalatable choice. The use of sterling, first perhaps to finance third-country trade and a good proportion of direct investment overseas would balance a current account surplus on capital inflows without adding to official sterling borrowing or the money supply. Sensible monetary and growth objectives would be easier to achieve. The change has no popular appeal, but it would work; and recent events should have convinced the Government that immediate popularity is worth risking in a sound cause.

A case against cartels

THE European Commission is now examining ways of extending the so-called Davignon plan for steel into 1979. Detailed proposals are due to be submitted to the Council of Ministers next month. They are expected to include the continuation and perhaps reinforcement of the present controls over prices and production, together with limitations on imports from non-EEC suppliers. At the same time the European producers of synthetic fibres, encouraged by the industrial directorate of the Commission, are still hoping to obtain approval for their anti-crisis plan, which provides for agreed reductions of capacity and a partial sharing-out of markets. Although the circumstances of the two industries differ, the principle underlying these schemes is the same: that in capital-intensive industries, suffering from over-capacity, producers must be allowed to work together in order to reduce competition.

Price rises

In both cases there is a potential conflict with the Treaty of Rome. But even if this obstacle could be removed, there are more fundamental questions which European Governments need to ask themselves about cartels and market-sharing arrangements. Is there any evidence that temporary anti-crisis cartels produce the economic results that governments want?

A forceful answer to this question is provided by Dr. Jan Tumlir, Director of Research at the GATT Secretariat, in an article in the current issue of *The World Economy*. Dr. Tumlir points out that in the EEC there are some 18 people employed in steel-using industries per worker employed in making steel, and some 27 in the textile and clothing industry per worker employed in producing synthetic fibres. "If enough industries are allowed to form cartels and these arrangements are protected against imports, their combined price-raising effects will cause a rise in the general price level and the restrictions of their output will bring about a general decline in aggregate production and employment."

The proponents of cartels argue that their aim is to deal with the problem of excess capacity. But there are great difficulties about choosing which particular part of the industry's existing capacity should be scrapped. The cartel operates with the approval of governments; governments and the EEC are inevitably involved in determining which plants should be shut down.

"It is unlikely," Dr. Tumlir comments, "that strictly economic criteria will be used in the determination. Another important difference between the market and the negotiated, and partly political, solution is that the former, evolving from a decentralised initiative, would be piecemeal and tentative whereas the latter, being a laboriously balanced package, would leave little possibility for correcting errors of judgment as they are detected."

As experience with the Davignon plan has shown, it is difficult to make cartels work effectively. There are usually some producers who decline to play by the rules. An industry like steel, with its wide range of products and distribution channels, is too complicated to be easily disciplined. But the damage that can be caused while companies and governments try to make them work is considerable. First, they have the effect of delaying adjustment and modernisation. Second, they foster a collusive relationship between industries and governments which threatens to undermine the competitive system.

Restructuring

There are suggestions that the European Commission should be given greater power to restructure industries suffering from over-capacity. There is not much chance that the Commission, even if granted such powers, could exercise them effectively. But European Governments should prevent it from making the attempt. They should reject cartelisation and restrict the Commission's industrial role to that of maintaining competition.

صورة عن الأصل

Cars accelerating towards a computerised future

BY MAX WILKINSON

THE AVERAGE motorist, particularly in Britain, probably still has very little idea why he needs a computer under his bonnet.

Nevertheless the competition between automobile manufacturers to introduce computer controls is now accelerating fast. By 1980 most new models in the U.S. are expected to incorporate computerised engine control. In Europe the introduction of these new electronic systems will be slower but inexorable.

In the short term, buyers will have to pay a premium for electronics which offer some improvement in fuel economy and some maintenance advantages, but not much in the way of extra performance. However, in the not too distant future the power of miniature computers will produce some major transformations in the design and performance of the motor car, particularly in the medium to upper price brackets.

The possibilities of supplying computerised skid control, automatic door locking, speed control and new types of instruments will give manufacturers a new range of competitive possibilities.

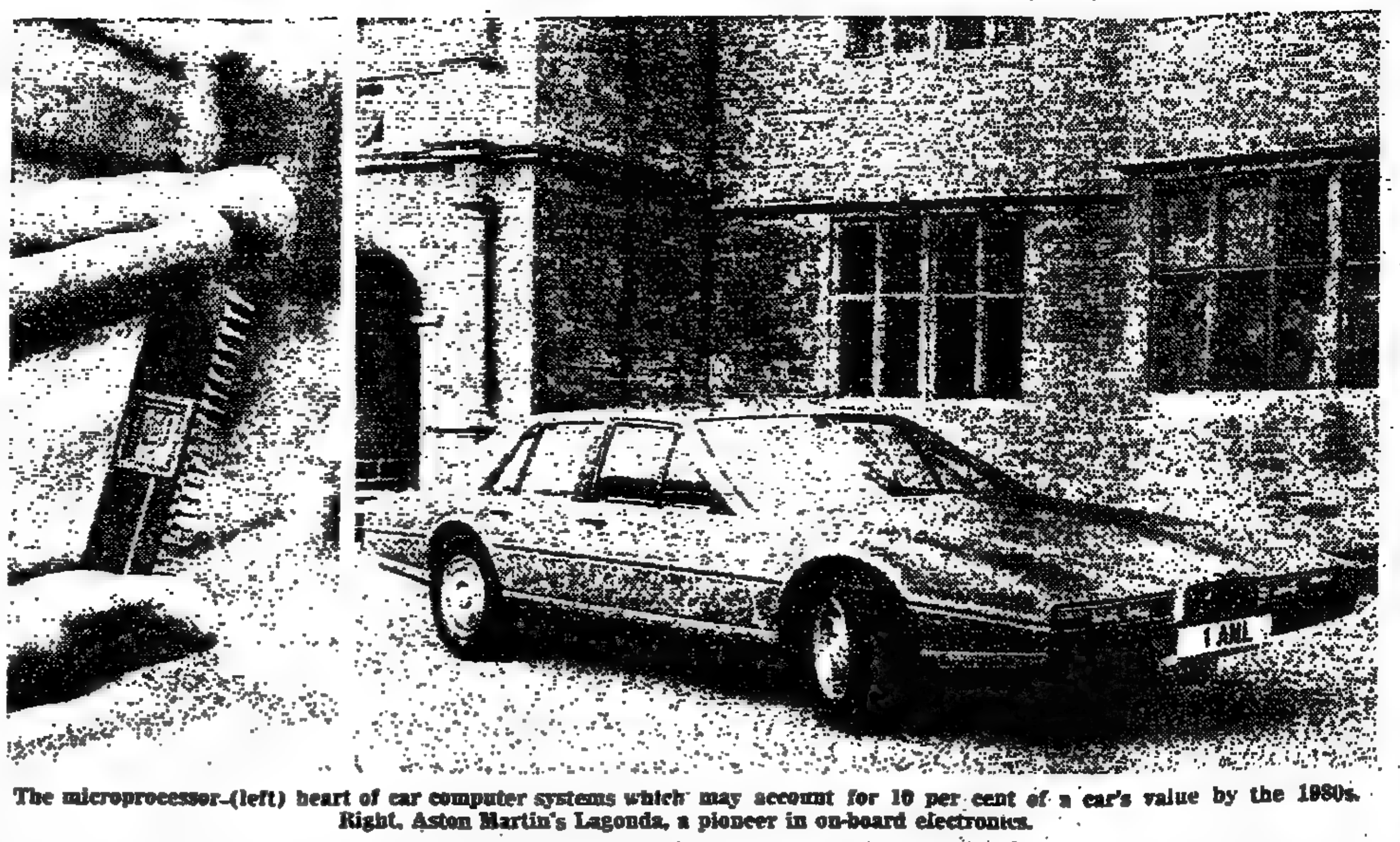
At the same time, the structure of the car industry is likely to change as the manufacturers become one of the largest customers of the semiconductor producers. These micro-electronics companies are already beginning to develop complete sub-systems in competition with the electro-mechanical components made by companies like Smiths, Lucas and Bosch of Germany.

Only a few years ago the idea of putting computers into production cars was greeted with much scepticism. Costs seemed too high, and there were at the same time grave doubts whether electronic systems could ever be made reliable enough.

To be acceptable a car computer must be very small, stand up to extremes of temperature, dirt and vibration and cost only a few pounds. Above all, it needs to be more reliable than mechanical systems which have been refined and tested over the last quarter of a century.

As a result of the rapid improvements in integrated circuit technology during the last few years it is now expected that computerised control systems will meet all these conditions within the next few years.

The heart of the new electronic systems will be a microprocessor, or computer on a chip. These tiny computers incorporate more than 12,000 microscopic transistors on a silicon chip a few millimetres square. They can execute several million operations a second and can be programmed to control most of the car's functions such as gear changing, ignition timing and fuel mixture.



The microprocessor (left) heart of car computer systems which may account for 10 per cent of a car's value by the 1980s. Right, Aston Martin's Lagonda, a pioneer in on-board electronics.

Before long, however, the computer will also start to take over some important parts of the driver's function by providing an electronic substitute for his reflexes. The first example of this will probably be automatic braking systems to prevent skidding.

This system, already being offered on the top of the range 6.9 litre Mercedes 'S' class cars, uses special sensors at each wheel which can detect the beginning of a skid. The sensors relay information to a microcomputer which calculates the maximum braking pressure to be applied to each wheel and sends out appropriate instructions to the braking system.

Experiments so far indicate that electronic braking systems can reduce the stopping distance on a slippery surface by as much as a quarter. Moreover, the system largely eliminates the risk that the car will slide out of control during a panic stop.

Motorists may be less delighted by the computer's ability to act as an electronic policeman—able to check safety belts and even to test the driver to see if he is drunk. Several tests for intoxication have already been devised.

One idea is for the computer to give the driver a ten second test of his reflexes, using the steering wheel to control a needle on a dash-board dial. If he fails, the car won't start. In another system, the computer flashes up a number which the driver has to remember then punch back into a keyboard. If the driver fails this test three times, the car is demobilised for a period.

Although this kind of system would probably be introduced only as a result of legislation, the use of code numbers and keyboard might well also be used as a precaution against theft.

However, for the present, the main emphasis is on engine controls, which are being developed in the U.S. as the best way of satisfying government regulations on petrol consumption and exhaust pollution. The automobile industry has agreed to cut the fuel consumption of standard passenger cars by 40 per cent between 1974 and the end of the decade. Standards set for exhaust gases are also extremely stringent.

Computer control of the engine will help to meet these standards by ensuring that the air-to-fuel mixture and ignition timing are exactly correct for all conditions of speed, load, engine temperature and throttle setting.

Computers may also be used to control suspension so that manufacturers can produce a smaller car with the "big car feel" which Americans like.

But once the computer is installed for these basically functional tasks, manufacturers will be certain to harness its capability for cosmetic or marketing purposes. New types of instrument using a calculator type of display are beginning to appear. Different readings like speed, time, temperature or engine revolutions can be flashed onto the display by pressing a button. The 1978 Cadillac Seville in the U.S., and Chrysler's new Horizon SX in Europe, go one step further with a trip computer which can calculate fuel consumption, distance to the journey's end and even estimated time of arrival.

A more practical and relatively inexpensive use of the computer will be the diagnosis of faults by checks on, for example, tyre pressures, oil level and lighting circuits.

All of these systems are now technically possible, but considerable development work is still necessary to ensure that the computer system will be reliable and to enable sensors—the eyes and ears of the computer—to be made cheaply enough for a mass automotive market.

The major U.S. manufacturers are now mounting an intensive research and development effort to try to meet the deadlines set by the Environmental Protection Agency for reduction of pollution. The most stringent of these conditions comes into force in 1980.

Development contracts

Motorola is emerging as probably the leading semi-conductor company in the field as a result of major development contracts from both Ford and General Motors for engine control systems. Most of the major semi-conductor companies are, however, involved in the programme. Chrysler is developing its systems in association with RCA.

In Europe, Bosch has linked up with Fairchild of California. Peugeot, Renault and Fiat are believed to be near agreement with Motorola for the supply of engine control modules. British Leyland is also talking to Motorola.

The pressure on European manufacturers to move into micro-electronics is less severe because as yet they do not have to contend with legislation on emission and fuel consumption. In the U.S., electronic engine control is expected to add $200 to $300 to the price of a car, at least in the first few years. In the main, therefore, it is likely that European manufacturers will introduce computers only in their more expensive models at first. In the longer term, however, computerised systems are expected to become cheaper as well as more reliable than the mechanics they replace.

Manufacturers, therefore, have a strong incentive to develop the technology even while it is expensive to ensure that they are well placed to take advantage of the fall in price which further development and mass production of semi-conductors will make possible.

In Europe the development of computer controls is complicated by the fact that the major component makers, Smith, Lucas and Bosch, are independent of the car manufacturers. In the U.S., on the other hand the component makers are generally subsidiaries of the automobile companies.

In the U.S. the impetus for change has come directly from the major groups, particularly General Motors, but in Europe it is not clear yet how accurately the requirements of the car manufacturers will be matched by the development of new computer-controlled products by their traditional component suppliers.

It may well turn out that semi-conductor manufacturers like Motorola will bypass the automobile component suppliers by selling complete electronic modules direct to the car makers.

If this happens on any significant scale, the semi-conductor companies will be under strong pressure to transfer more of their production to Europe to reduce dependence on American imports.

In any case, electronic components, and particularly semi-conductors, are likely to contribute an increasing portion to a finished car's value.

In a recent study, Mr. Harry Rush and Mr. J. M. McLean of Sussex University Science Policy Research Unit, say that the top estimates suggest that electronics could contribute 10 per cent of a car's value by the 1980s and 30 per cent by 2000.

Even the more conservative estimates of about half these figures represents a large amount of revenue for semi-conductor companies.

Mr. Terry Mullarchy, head of strategic marketing for Motorola's automotive products group in Phoenix, Arizona, expects total sales of semiconductors to the U.S. automotive industry to be worth around $280m by 1980. In the longer term, business could be much greater if automobile manufacturers take advantage of the wider potentialities of a computer.

The world-wide move towards electronics in the automotive industry inevitably raises the question of whether UK companies, particularly British Leyland, are keeping up with their competitors.

Mr. McLean and Mr. Rush suggest that UK manufacturers are taking an over-conservative approach. They say: "The industry does not yet seem to have considered what these potential product and process innovations and the rate of their diffusion would mean for employment, skills requirements and the competitiveness of the UK industry."

They believe in particular that UK manufacturers are unlikely to introduce electronic engine controls without the stimulus of legislation such as occurred in the U.S.

On the other hand, the talks between Motorola and British Leyland may indicate that the company is now taking micro-electronics more seriously.

Mr. Rush and Mr. McLean report that most of the research and development managers they interviewed appeared to believe that micro-electronics would provide new functions rather than replace mechanical devices. They comment: "This seems to be a rather short-sighted view as many potential innovations, such as solid state displays which do replace mechanical instruments, require far fewer moving parts and therefore less labour in their construction."

They add: "The major (UK) automobile manufacturers' attitude of 'proven technology' only may be a rational one considering the short-term financial position. However, long term competitiveness would be affected if consumer preference favours the products of foreign firms which have incorporated micro-electronics."

* "The impact of micro-electronics in the UK." SPRU Paper No. 7 by J. M. McLean and H. J. Rush, Science Policy Research Unit, Sussex University.

MEN AND MATTERS

Bamberg flies to new horizons

Harold Bamberg is taking off again, this time into the unglamorous world of cargo airlines. Ten years have passed since his firm, British Eagle, crashed but now he tells me that he is to spend £6m (about the debts British Eagle left behind) on two Boeing 707-320C fanjets. "We have been looking at eight planes in the last few weeks and I think we've found what we want," he says. He adds that financing is arranged and that he believes cargo traffic will soon be bigger than passenger trade.

The 54-year-old Bamberg's career began in Berlin airlift days when he bought a ramshackle Halifax bomber for £130. From this he built up his airline, selling it to Cunard Steam-Ship in 1960. He later bought it back but the introduction of £50 travel allowances and the loss of government troop contracts contributed to the airline being forced to close.

However, this setback did not deter this Freddy Laker of the early 1960s. He kept on his polo team called Eaglesfield and later branched out into property and investment with his firm Integrity Finance — though today will not disclose its net assets. But his main speciality has remained aircraft. One firm in the Bamberg Group represents the Beechcraft range of aircraft and each year it sells a dozen of its King Air and Super King Air 200 planes.

Bamberg describes these Rolls Royces of the executive jet market as the "ideal corporate hack." He is now competing against Cessna and others in a £40m contract for the Ministry of Defence. But he remains keen on his image and has arranged that wings and other components of the plane could be manufactured here, saying: "People are sensitive to the implications of purchasing aircraft from the U.S."

And lots of them

A Lancashire reader who was amused by the Monday Club's problems with basic English has sent me an advertisement from his local newspaper. Placed by a firm called Performance Plastics it demands "a young person" able to demonstrate not only "a high standard of literacy," but of "numerousy" too. No previous experience is required.

Striking claims

"Unilever workers throughout the world are either going on strike or taking other action this month . . ." began a recent statement by the International Union of Food and Allied Workers' Associations in Geneva about a campaign it is mounting on behalf of workers in the firm's South African factories.

The IUF's General Secretary, Dan Galin, tells me that the campaign has been the biggest since the IUF came out on behalf of unions in Peru "threatened by Nestle" in 1973. But Unilever itself has been reacting quite blandly. Its corporate conscience is clear, I was told, and the world-wide action none too troublesome.

Yesterday 900 workers at Unilever plants in Sweden and Finland stopped work for two hours. In the Netherlands senior union men met for an "information week," though production was not interrupted. And in Denmark and West Germany leaflets have been distributed.

At issue was whether Unilever would recognise the Sweet, Food and Allied Workers' Union in South Africa. This operates under the normally-difficult conditions facing any union with black membership in South Africa and the IUF has complained that Unilever will not negotiate with SWAFO. A year ago this only had about 10 per cent of the Unilever black labour force as its members but claims this proportion has since risen fast. Now Unilever says that should SWAFO recruit a "substantial proportion" of its employees and by substantial it means around 40 per cent—it would negotiate with it. It adds that already seven meetings have taken place between SWAFO and Unilever.

Open house

Daniel Janner, the go-getting president of the Cambridge Union Society, is sparing no efforts to attract the newsworthy and notorious into his domain. Prince Charles is in the bag for November, and if a proposed visit by Richard Nixon now looks somewhat unlikely, Janner, 21, assures me that Indira Ghandi has agreed to come and talk to the students.

"I'm absolutely thrilled," says Janner, whose father Greville is Labour MP for Leicester West. It seems a former president of the union, Karen Tchapar, had connections with the Ghandis and invited Mrs. Ghandi to speak in 1977. At that time she was still trying to hold on to power as Indian Prime Minister, and had pressing engagements nearer home. A year later she is intent on salvaging her reputation and political standing, and last week finally managed to secure permission from magistrates in Delhi to come to Britain. The avid Janner instantly cabled a fresh invitation.

Mrs. Ghandi plans to fly over on November 10, one day after a hearing at which she will explain why she refused to testify before a commission investigating the excesses of the Emergency Period.

With half a dozen grave charges of abusing power hanging over her, Mrs. Ghandi's participation in a rigorous debate should prove illuminating.

Noisome visitors

If a tramp should come to your door you might have to search your conscience. He could be a debt-collecting wolf in cheap clothing, at least if the unsavoury new technique developed by businessman Peter Stokes catches on.

Stokes, who runs 12 printing and advertising companies, tells me that he has sustained the "normal amount" of bad debts and that one day, wondering how to reduce these, he was hit by the aroma and appearance of a tramp. He says that he has since tried "experimental runs," sending tramps to his creditors with instructions to sit around until paid or evicted. "It is highly effective," he says and he now has a new company, London Manhattan, which is trying this novel method.

Stokes plans to offer what he calls his Smelly Services Division's help to others but when I asked the Office of Fair Trading how they would react their comment was: "My goodness gracious me. Anyone who deals in smelly tramps can expect no sympathy from us. It is even more outrageous than sending round the 'heavies' I am pretty certain we would not licence any such debt-collecting agency."

The OFT also tells me that not just consumers but small companies such as partnerships or sole traders are legally protected from Stokes' men as he would need a licence to collect debts from them, even on his own behalf.

Observer

POLITICS TODAY

Why Britain balks at the supersnake

ESS THERE is a dramatic ze of heart by either the sh or the West German rnment within the next few s the chances of Britain ng the European Monetary em when it comes into force e New Year are virtually existent

e reasons behind that state- are not the conventional It is not true, for instance, Mr James Callaghan, the sh Prime Minister, and Mr. Healey, the Chancellor of Exchequer, are suffering a loss of nerve and have ne reluctant to take on the wing of the Labour Party European question. On the ary, if they could get the of monetary system they they would deal with pe first and the Labour second. The opposition of Anthony Wedgwood Benn, ll the publicity he received he joint meeting of the iet and the Party's National utive Committee on Mon- is not taken over-seriously. is not true either that there y particular rift between West German Government the Bundesbank. Sugges- that the Bundesbank is its best to scupper the osed system while Chancel- chmidt is ready to scatter an credit all over Europe. ly he were allowed, are of the mark. The Bundes- accepts that on an issue this there are limits to its endence. Besides, there people at the top of the eshank, just as there are e top of the German Gov- ent, who actualy want Bri- participation.

e real problem lies in the . It emerged from Mr. Callaghan's visit to Bonn last week, and even more so from the parallel talks between Mr. Healey and Herr Hans Matthoefer, the German Finance Minister, that the two sides are as far apart as ever. The British and German approaches to economic policy are fundamentally different—so much so indeed that it is now officially recognised that the chance of the differences being reconciled in the short term are negligible.

German view

Very briefly, official German thinking about Britain seems to go like this. The Germans were instrumental in securing the British IMF loan in 1976. That was an opportunity for a new start and for a time the opportunity was taken. But towards the end of 1977 the British began to fritter it away as public expenditure again started rising and the money supply to increase unduly fast. Chancellor Schmidt is said to have felt the disappointment personally.

As it happens, however, EMS offers the chance to begin yet again—but only if the British accept something close to the German terms. What this means in practice is accepting German-style economic discipline.

It should be said that there is nothing chauvinistic or nationalistic here. German advocates of British participation put their case with great humility: they believe that it would benefit Britain and if in the end the country does not join the German reaction will be one far more of sorrow than of anger—just as it will be on the part of Mr. Callaghan.

Yet there are certain fundamentals on which the two sides continue to disagree. The Germans do not accept, for instance, the British argument that the German rate of inflation ought to go up in order to promote economic growth in the European Community. For a start, they regard their own fight against inflation as far from complete and one which becomes more difficult with time. They do not accept either that allowing inflation to rise itself encourages growth. On the contrary, by creating uncertainty it might well have the opposite effect.

Not least, the Germans reject completely the British thesis that it is necessary for German inflation to rise in order for inflation to come down elsewhere. Such a view is regarded not so much as suspect as demonstrably false. The outcome of a rise in their own inflation, say the Germans, would be to push up the Community average rather than bring it down and the effects would spread throughout the country's main trading partners.

What all this boils down to is that when it comes to details—a parity grid or a basket of currencies, or the size of a European Monetary Fund—the Germans are not terribly interested. The Germans are really talking about a principle: namely economic discipline which itself should contribute to economic convergence. Without that, the size of the proposed support fund, on which the British are putting some stress, is beside the point. If the discipline existed, the Germans would be ready to move on the fund, though at the same time it would become less necessary for them to do so.

There is one other issue on which the British and Germans disagree, on approaches if not on aims, and that is the transfer of resources. The German monetary authorities take the view that this has nothing to do with them. The Common Agricultural Policy may be absurd—Chancellor Schmidt is said to think so too, though he has his coalition to think of—and the British contribution to the Community Budget may be unfair, but these are separate matters from the creation of a European Monetary System. If the British insist on simultaneous progress on all fronts, they will only run into difficulties.

There is also the very reasonable point, which must have occurred to Ministers and officials in London, that if the British do not join the monetary system, it will become more difficult to renegotiate the CAP or the budgetary contribution later. You cannot, after all, easily reject one part of the Community, then expect the Community automatically to come to your aid on other problems.

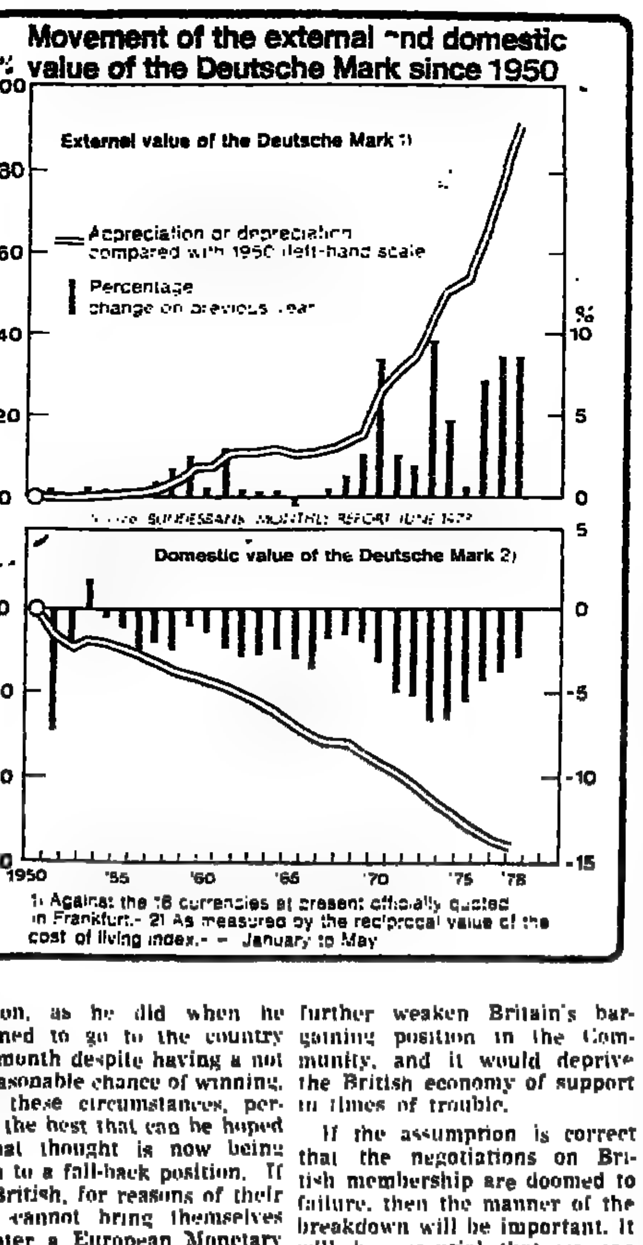
Ironic

It has been suggested that it is somewhat ironic that the Germans are willing to take a risk with the French, and even the Italians and the Irish, that they appear unlikely to take with the British. As far as the French are concerned, the German answer is that the risk is not so much a German as a French or even European one. The rapport between Chancellor Schmidt and President Valery Giscard d'Estaing is very close. They are the political leaders of Europe and enjoy their role. Not since the days of Adenauer and de Gaulle has there been such Franco-German affinity. Both leaders are reasonably secure at home and could be in power for many years to come. If they do not do something about turning Europe into more than a customs union, then who will.

Besides, the Germans are genuinely impressed by current French economic policy. True, the rate of inflation is high—higher than in Britain, and the balance of payments performance is not all that secure. But the French have ambition. They are prepared to take risks. They believe that they can bring their inflation down, and the Germans are inclined to accept that belief. It is not uncommon nowadays to hear Germans compare M. Raymond Barre, the French Prime Minister, to Ludwig Erhard who, like M. Barre, began as a non-party man and who brought about the German economic miracle.

As for Italy, it is a problem. Quite clearly, there is no longer any German-Italian love affair. Equally clearly, there is a strand of opinion which would prefer the Italians to opt out of the proposed system, at least for the time being. On the other hand, there is some feeling of responsibility. Italy is, after all, part of Europe and one of the original six. At the same time, some Germans have been impressed by the country's apparent willingness to join. In particular, they are impressed by the Italian Government's desire to use membership of the monetary system to exert discipline at home, even if, as is considered quite possible, it might have to opt out later. It is precisely that desire which is seen to be missing in Britain.

If one asks about Ireland, the answer is: "yes, why not?" The Irish inflation rate is high, but the Irish Government says that it is keen to join and the example of Denmark in the present snake has shown that small currencies do not create too much of a problem, even if the rate of inflation is way out of line with that of the rest of the club.



Returning, however, to Britain, there appears to be one school of thought which believes that a successful deal might still be negotiated. Mr. Healey, for instance, is still arguing for the looser system of tying exchange rates to a currency basket rather than the parity grid preferred by the Germans and now apparently more or less accepted by the French. Dr. David Owen, the Foreign Secretary, has placed some emphasis on the coming series of bilateral talks with the French, the Italians and the Irish, presumably in the hope that a united front can be formed to persuade the Germans to change their position. Yet it seems unlikely, if only for the reasons given above. The Germans are talking about principles, not details. The argument is about fundamentals, not technicalities.

It is, of course, possible that even at this late hour the British Government could itself change its mind and accept the German thinking. But that too seems improbable. Mr. Callaghan is again showing his caution, as he did when he declined to go to the country this month despite having a not unreasonable chance of winning.

In these circumstances, perhaps the best that can be hoped is that thought is now being given to a fall-back position. If the British, for reasons of their own, cannot bring themselves to enter a European Monetary System now, they could at least be preparing the conditions for entry in the future. For if the system succeeds, the political and economic consequences of non-participation could be serious indeed. Not only would it confirm Franco-German leadership in Europe: it would further weaken Britain's bargaining position in the Community, and it would deprive the British economy of support in times of trouble.

If the assumption is correct that the negotiations on British membership are doomed to failure, then the manner of the breakdown will be important. It will be essential that we can pick up the pieces, declare our intention to put our own house in order and readiness to join later. In short, it is time for an exercise in damage limitation, and not in recriminations.

Malcolm Rutherford

Letters to the Editor

cological sasters

the Prospective Liberal amentary Candidate for

.—The end of the Christos must point out the urgent to bring in international s of the road' for the sea around our coasts: it also s to the need for a 'police ' to enforce such rules powers to act against ships ers and owners who dis- rd such rules. The recent e of Commons Select Com- e Report made the already erous position of the English nel abundantly clear— ar problems occur in most sh estuaries. It may even ecessary to arm such a police with breathalysers.

, however, is only one of large dangerous loads car- by ships today: liquefied al gas and liquefied petro- gas, tetraethyllead and car- disulphide are all lethal. an accident with any one ese could result in a disaster major proportions unless national agreements are ied, swiftly.

am reliably informed that would explode with the of a 100 megaton hydrogen , and moreover such an sion could be set off by a derstorm A carbon disul- e explosion in a port could wipe out a whole city.

traethyllead involves less ediate, but far more serious, ers. Tetraethyllead is that ance added to petrol at the of a couple of drops per n; it is transported by sea uantities of 1,600 tons. An lent at sea with this sub- e could result in the des- ion of all the fish in the h Sea, the poisoning of the e coastline together with long-term danger of lead z absorbed into the food . The effect of such an gical disaster cannot be mised—the sea would in poisoned for years.

e present unsatisfactory od of dealing with accidents ot go on—with authorities ring and delaying and ing responsibility, for while battles go on, the effects e disaster continue. Govern- t must have the power to and act fast. Legislation ive Government power to quickly is not likely to be but this Government, with weight of evidence already ilable, must get together with European partners and the ed Nations. If it means des- ing ships (apart from sub- ces such as tetraethyllead dependent on their proximity land) then that authority t be available—the destruc- of the Torrey Canyon and Eleni V gave good results n the decision was finally e.

e certainty of such a disas- occurring is increased daily he present lack of reasonable rol; a cry of "it cannot pen here" is going to seem a ul response when and not such a disaster strikes. We t start thinking—and acting out the unthinkable.

Tennant.

Thirsk Road, thallerton, N Yorks.

Becoming a brickie

m Miss I. Cassidy

ir.—I have read Mr. Ruther- l's article on the depressing e of the building industry tober 20), and am very sur- ed by his question as to "why should take three years to n a bricklayer when some of Government training pro- mmes now do it in six nths." Does he seriously gest that a trainee after six months at a training centre could be expected to undertake the work of a fully fledged bricklayer?

Further, he seems to suggest that it should be possible to train a man to become a bricklayer, plumber and carpenter at the same time and within the same apprenticeship. I would be interested to know what sort of industrial organisation could cope with this sort of intensive combined apprenticeship training, and where they would find foremen and supervisors who could impart three separate crafts within one short apprenticeship period, and turn out a competent journeyman simultaneously in each skill.

Perhaps I underestimate the capabilities of the average worker in the building industry when I suggest that it is a pretty tall order to expect a person to acquire within a short apprenticeship a thorough practical working knowledge of three separate branches in the construction industry: nevertheless I feel that Mr. Rutherford should do a re-think on this aspect of the problem rather than advocate something which is likely to worsen instead of alleviate present labour difficulties in the industry.

Expecting one operative to have competent and adequate skill in three important branches of construction work would certainly create problems in trade union circles, quite apart from efficiency, safety standards and other relative considerations which are involved; and in my view no responsible employer is likely to favour this idea.

Isobel Cassidy.

30, Chadston House, Halton Road, N1

Currency reserves

From Mr. W. Platt.

Sir,—My object in commenting (October 16) on Mr. J. Finlay's original letter (October 12) was to correct an apparent misconception by pointing out that a non-resident holding of sterling represents a contingent liability on the UK's foreign currency reserves. That is a fact which Mr. Finlay acknowledges even if Mr. T. S. Torrance (October 21) does not.

It is also true that the more non-resident owned sterling converted into foreign currency, the greater the call on the UK's reserves and, in a floating rate situation, the greater the downward pressure on the sterling exchange rate unless the Bank of England intervenes to "dirty the float," although there are of course other factors which may tend to obscure this underlying process.

I further stated that without foreign currency reserves we could not pay for imports which again is a fact, like it or not. It might also be worthwhile mentioning that at the end of June the UK's official foreign currency borrowing was greater than the official reserves—a salutary fact which for me, at least, serves to put Mr. Finlay's house in Spain into a proper perspective.

The letter was not an attempt to justify exchange control but simply to set the facts straight and that is all I plead guilty to. In that context it was irrelevant as to whether Mr. Finlay or I or anyone else considered exchange control necessary in an existing economic condition. That is a matter of opinion not fact.

W. P. Platt,

80, London Wall, EC2.

Comparative effort

From Mr. P. Spivey.

Sir,—In your editorial on October 23 you came out with the odd statement that even with a 19p increase the British motorist would still be paying considerably less for his petrol than his counterparts elsewhere in Western Europe.

As an employee of an international company I am in a position to make a direct comparison as I know to the penny what my salary would be if I returned to it doing the same job.

I can assure you that even at the low price of 72.5p per gallon I would have work 86 per cent longer in UK than in Germany to earn the cost of a given quantity of fuel.

This is what really matters. Forget the distorted view given by the weak state of sterling.

P. Spivey.

Scharrenbroicher Str. 73, 5064 Rösrath, W. Germany.

Petrol tax

From Mr. J. Wilkinson.

Sir,—You state (October 21) that the small mileage (under 10,000 miles a year) motorist will benefit from the switch from car licence (£50) to petrol tax at +19p a gallon.

You must have got your sums wrong. The small mileage motorist has probably 90 per cent of his mileage in home-to-work driving, perhaps averaging 25 mpg in town.

On that basis we have 10,000 miles at 25 mpg × 19p extra petrol tax = £76 per annum.

Jack Wilkinson.

3 Brookfield Drive, Long Stanton, Cambridge.

Road tested vehicles

From Mr. W. Murray

Sir,—The consideration of moving away from annual road tax in favour of 20p or so extra on each gallon of petrol has much to offer.

The present road tax system, however, has one major factor to commend it—it does ensure that the vast bulk of all vehicles on the road are both MOT-tested and insured as one needs to produce the relevant documents in order to acquire the road tax disc. Once tax discs legitimately disappear are we not to witness increasing numbers of uninsured or even uninsurable drivers in far from roadworthy vehicles—a situation which does society in general a great disservice.

By all means explore the potential of eliminating road tax but please be mindful of the wider implications.

W. P. Murray.

Dusthouse Cottage, Dusthouse Lane, Tardebigge, Bromsgrove, Worcs.

Tourists expect local products

From Mr. P. Shackleford

Sir,—Mr. W. C. R. Whalley (October 18) grants that tourism is a major export earner for Britain, but asks: ". . . do not tourists themselves consume imports, in the food they eat, the souvenirs they take home?"

Surprisingly enough, increasing numbers of tourists do expect to be served local products in the country they are visiting—and rightly so.

Effective advertising aimed at motivating tourists to discover local cuisine and local products can and is proving of great assistance in stimulating and encouraging such demand—not only in Britain but in developing countries too.

As for souvenirs, surely the essence of such goods is that they should reflect local skills and craft traditions? On that basis, home produced items have an appreciable competitive edge.

Even if, as Mr. Whalley seems to fear, tourists to Britain end up buying imported cutlery (or watches, cars or cameras), the value-added in the retail transaction accrues to the seller in Britain who might otherwise have no part in the deal

Mr. Whalley might like to know that Britain (like Spain) is highly regarded in the tourism league for the quantity and variety of goods she supplies to overseas visitors. The British Tourist Authority estimates in its report for the year ended March 31, 1978 that one quarter of Britain's exports of quality clothing and footwear were attributable to visitors—no mean achievement for the industries concerned in today's markets.

And if, as may happen, tourists from the Continent expect to be served bottled sparkling mineral water in their hotels, they may take refreshment in the thought that your correspondent Mr. David Tonge (October 18) will be only too pleased to supply them with a Lincolnshire source of the product.

Peter Shackleford.

Calle de Marcelíano Santa Maria 4, Madrid 16, Spain.

Insider dealing

From Mr. S. Penwill

Sir,—Mr. Barker (October 24) hits the nail on the head when he refers to the "few crooks." It is precisely because there are few, who are not necessarily directors or employees of the companies, that every care should be taken to see that the innocent majority are not put on trial.

Executive directors must always be presumed to be in possession of information not at the time generally available to shareholders, or the Market, and it is conceivable that a director may, for reasons other than profit taking or loss avoiding, be obliged to sell when in possession of price sensitive information, and so render himself liable to prosecution, or at least having to prove a negative intention.

The code of conduct which will become part of Stock Exchange requirements for listed companies should be adequate in as much as it prohibits dealing without first disclosing intention to one's fellow directors and obtaining their approval, and requires disclosure to the Stock Exchange.

The proposed enactment will make directors and executives think twice before investing in their own companies, as quite innocent transactions of themselves or their kin could be misinterpreted.

Incidentally, no one has yet suggested how one deals with the insider who, on receipt of price sensitive information, intending to sell, refrains from so doing and presumably becomes an insider non-dealer.

S. W. Penwill.

158, Fenchurch Street, EC3.

LNG storage and safety

From Mr. J. Kelly.

Sir,—I was interested to read the article by Kevin Done (Energy Review, The North Sea, October 20) on two reports being studied by the Government on the collection of gas at present being wastefully flared in the North Sea.

He stated that both reports are feasible but does not once mention the dangers of storing liquefied natural gas at shore installations such as Canvey Island. The Health and Safety Executive has just announced a ban on housing projects within one kilometer of the methane terminal on Canvey Island—this would prevent perhaps 1,000 people moving into the area, but what of the 30,000 residents already living there? I would suggest that this idea, which is obviously ridiculous, and totally unsatisfactory, is the forerunner to the terminal being shut down completely.

There are many articles on LNG in your newspaper but I would suggest the safety aspects of this most hazardous material be coupled with the commercial aspects to give readers a true picture of what is happening in this industry.

J. Kelly,

20, Ferrymend, Canvey Island, Essex.

Benefits on the fringe

From Mr. R. Lancaster.

Sir,—I fear that Men and Matters (October 25) gives a misleading impression of the pensions treatment of fringe benefits. The actual position is that benefits in kind may be taken into account, when determining final remuneration for pension purposes, when they are assessed to tax under Schedule E but normally not otherwise.

It is no part of my business to justify this, but the Revenue's logic seems to be that if benefits are not income for tax purposes then they should be similarly regarded for other purposes—especially having regard to the tax advantages of pension schemes.

Applying this to your original story, if your reader has a company-provided new 2-litre Cortina and is in "higher-paid employment" (broadly meaning that his total emoluments including benefits exceed £7,500) then the car has a taxable value of £380 which can be taken into account. It is difficult to comment on the other benefits without knowing the tax treatment negotiated in each case. Whether the employer chooses to pension such benefits is, of course, another matter.

R. Lancaster,

34 Napier Court, Ranelagh Gardens, SW6.

Selling to Japan

From Mr T. Wainwright.

Sir,—Mr. Austen Albu (October 21), winning wars from his armchair in Sussex, has evidently never tried selling to Japan. If he had, he would have found that any product which has any detrimental effect on employment in that country will, by various insidious means, be banned.

T. A. Wainwright.

Pippins, 8, Hermitage Drive, Twyford, Berks

The Reverend gets a rise

From Canon R. Marchant

Sir,—I do not see why Observer (Oct. 24) singles out the Church of England for special attention. The other comparable body in Britain, the Church of Scotland, at its General Assembly last June rejected a move to bind its Church to follow any Government guideline lacking the force of law. It has subsequently fixed its minimum stipend for next year at £3,600, a rise of £640 on this year, or over 21%.

I am officially told that if my stipend (which is the diocesan minimum) for next year had risen in line with the cost-of-living index since the Church Commissioners first issued salary levels in 1972, I should have a rise of £700. I am getting one of £400.

R. A. Marchant

Larfield Vicarage, Woodbridge, Suffolk.

Today's Events

GENERAL

Trades Union Congress negotiators—six TUC members of the National Economic Development Council—in further talks with Ministers on pay and price controls.

Ford Motor Company expected to raise pay offer above 8 per cent to its 57,000 striking workers.

Emergency meeting of Humber Bridge Authority to answer questions on bridgebuilders' consortium.

Thorn Electrical Industries expected to close refrigerator and freezing factory in Hartlepool, Cleveland, with loss of 400 jobs.

Mr. Ola Ullsten, Sweden's Prime Minister, heads Government delegation in Oslo for talks on problems of Volvo deal by Norway.

Peugeot Citroen team on UK study tour of components market.

London Chamber of Commerce and Industry trade mission to Iraq, supported by British Overseas Trade Board (ends November 3).

Countryside Commissioners, including Lord Winstanely, the chairman, begin weekend study tour of south and west Yorkshire coalfield areas.

Queen visits Licensed Victuallers School, Slough.

Prince Philip on visit to University of Leeds Industrial Unit of Tribology.

Sir Peter Vanneck, Lord Mayor of London, attends Oyster Feast, Town Hall, Colchester.

Museum of London lunchtime lecture by Mr. Howard Colvin on "The Tudor Place," London Wall, E.C.2, 1.10-1.45 p m

COMPANY RESULTS

Final dividends: City and Construction Holdings, Eleco Holdings. **Interim dividends:** Ayrshire Metal Products, Boree Group, Clayton Son and Co. Francis Industries, John Laing and Son, Minster Assets, Photax (London), Scottish Ontario Investment. **Interim figures:** House Property Company of London.

COMPANY MEETINGS

Dollar Land Holdings, 20, Aldermanbury, E.C.2, 11. Guinness Peat, Winchester House, E.C., 10.30. Christopher Moran, Savoy Hotel, W.C., 12. Parker Timber, River Wharf, Erith, Kent, 12. Wilson Walton Engineering, Winchester House, E.C., 11.

SPORT

Golf: Midland Matchplay Championship, The Belfrey. **Racing:** Doncaster, Newbury and Perth.

COMPANY NEWS

Minet ahead 16% midway and sees good result

PROFITS BEFORE tax of Minet Holdings rose 16 per cent to £8.42m in the half-year ended June 30, 1978 and the directors are confident the group should achieve a satisfactory growth rate for the year.

The growth forecast is in spite of the fact that exchange rates have not yet stabilised and assuming no further unforeseen circumstances arise, the directors say.

	Half-year 1978 £000	*1977 £000
Brokerage income	15,714	12,576
Expenses	10,757	8,223
Underwriting income†	1,250	701
Invest. income interest	1,261	1,315
Associates profits	701	631
Insurance profits‡	251	225
Profit before tax	8,422	7,262
Tax	3,641	3,217
Net profit	4,781	4,045
Exchange profits	39	384
Minorities	129	117
Extraordinary debits	114	50
Attributable	4,606	3,734
Interim dividend	1,134	1,014
Supplementary dividend	10	9
Tax credits	563	527

* Restated. † Agencies' income less expenses. ‡ From interests in insurance companies. § Losses.

Earnings per 20p share are shown to have risen from 7.69p to 9.59p. The interim dividend is lifted from 2.06253p to 2.30318p and a final payment is proposed which will take full advantage of the 1978 Dividends Act.

A supplementary dividend of 0.01926p is also proposed for 1977—last year's final payment was 1.27104p.

INDEX TO COMPANY HIGHLIGHTS

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Boot (Henry)	20	6	Press (Wm.)	20	7
Border Brews.	21	1	Pullman (R&J)	20	6
British Assets	21	1	Schroder Fund	21	2
Coral Leisure	20	1	Sheepbridge Engrg.	22	1
Crowther (J)	20	5	Simpson (S)	20	4
Ecclesiastical Ins.	21	3	Smith & Pearson	20	2
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Geers Gross	22	2	Twinlock	20	4
Glaxo Hldgs.	21	2	Walker & Homer	22	1
Gordon (Luis)	20	1	Wire & Plastic	20	5

Leonard Burt

Mr. John Wallrock, chairman of Minet Holdings . . . income from brokerage jumps 25 per cent during the first half.

Twinlock makes strong headway at interim stage

Twinlock has achieved profits before tax of £404,000 for the half-year to September 1, 1978, compared with £81,000 for the half-year to August 26, 1977 and £639,000 for the last full-year.

The directors say the achievement of the current level of profit is particularly encouraging as the profit attributable to N.V. v.h van Dorp and Co. is no longer included.

In the period, with the co-operation of the van Dorp Board the holding was reduced by half from 20,716 shares to 10,358 shares, thereby releasing £483,000. The proceeds of sale have been reinvested in assets directly employed in Twinlock's own trading.

The greater part of the year's profit is traditionally earned in the second half of the year, the directors say. At present, the favourable trends in both profits and use of funds evident in the results, are continuing. They confirm expectations that the group will return to dividend in respect of the current year.

However, the present unsettled state of national wage negotiations may affect the group and consequently, the year's results, the Board warns.

Coral Leisure restructures UK banking arrangements

Coral Leisure Group has restructured its UK banking arrangements, by converting a substantial amount of its short term borrowings to a medium term basis.

A consortium of banks headed by Barclays Merchant Bank have provided Coral with a £30m unsecured four and seven year loan facility. Of this amount the company has already called on a £10m four year loan and £10m of a £20m seven year facility.

This medium term loan will ensure adequate facilities for the immediate future while at the same time give some saving on interest charges. On an annualised basis the saving could be in the region of £100,000 to £150,000.

In an interim statement the directors report that overall trading, including that of Pontins which was acquired earlier this year, remains buoyant and that profits continue at a satisfactory level compared with the corresponding period last year.

The interim dividend is effectively raised from 2.75p to 3p. Last year's total payment was equivalent to 6p from profits of £18.54m and for the current year the directors are forecasting a 3.6p final.

Louis Gordon Group making progress

IN LINE with its traditional trading pattern, the Luis Gordon Group has incurred a loss in the first half of 1978—£280,000 against a £389,000 deficit in the same period last year, after interest of £242,000 against £270,000.

Turnover improved from £3.56m to £4.28m reflecting an increase in sales of Domecq sherry together with progress with most other products. Sales of Domecq Domain Rioja, Graham's Port and Glayva have been particularly satisfactory, the directors say.

The board has explained to shareholders that the first six months usually account for less than one-third of the group's business and the greater part takes place in the last quarter.

The group is a subsidiary of Pedro Domecq.

Receiver for Smith and Pearson

Continuing trading losses and the poor overall financial position of the company has forced the Board of Smith and Pearson to ask its creditors to put in a Receiver.

Smith is a metal fabricating company operating in both South and Northern Ireland and has been loss-making virtually since 1974. The move comes as some surprise, however, since the chairman outlined prospects of improvement following the interim figures for the half-year to last December.

At that time the company reported losses of £34,500 pre-tax (compared with peak losses of £399,000 for the 1973-74 year) but claimed that "progress was being made in restoring the company to profitable trading.

However, the company had been operating since the year end by virtue of a moratorium on capital repayments of its (£1.1m) loans and a bridging facility from the Bank of Ireland. The moratorium expired in June.

The shares were suspended on the stock market.

S .Simpson improves to £1.91m

Following an advance from £0.64m to £0.84m at the interim stage, pre-tax profits of S. Simpson finished the year to July 31, 1978 ahead from £1.65m to £1.91m.

Stated earnings for the 12 months are 14.2p compared with 11.93p and the dividend total is stepped up from 3.8125p to 4.2625p with a final payment of 2.95p net. Dividends, including those on preference shares, cost £278,822 (£250,310).

Turnover was higher at £19.6m (£16.87m), tax took £1.01m (£0.89m) and there was a transfer to general reserve of £455,000 (£300,000).

The company has "close" status.

Boosey & Hawkes downturn

FROM reduced turnover of £7.9m against £8.4m, profits before tax of Boosey and Hawkes fell from £935,000 to £632,000 in the first six months of 1978, caused mainly by inadequate factory performance and reduced public expenditure programmes in several major markets.

The outlook for the rest of the year is poor by past standards, the directors say, though there are indications of a modest revival in some fields.

The net interim dividend is stepped up from 1.7p to 1.9p and there is an additional payment of 0.051p in respect of 1977. The total last year was 5.073p from pre-tax profits of £1.98m.

	Six months 1978 £000	1977 £000
Turnover	7,930	8,490
Trading profit	652	997
Interest payable	20	62
Profit before tax	632	935
Tax	332	503
Net profit	300	432
Minorities	—	4
Extraordinary credit*	23	63†
Dividends	41	73
Add to reserves	242	290
Interim dividend	74,338	67,708

* On exchange rates. † Debit.

Henry Boot hit by housing losses

A £1.81m turnround from £977,000 profits to a pre-tax loss of £836,000 is reported by Henry Boot and Sons for the first half of 1978. Turnover was £5.15m higher at £36.64m.

The directors warn that the payment of a final dividend must remain most uncertain. First half earnings per share were nil (8.7p), although the interim is maintained at 2.5p net per 50p share—last year's final was 6.6839p.

When reporting lower 1977 profits of £2.01m (£2.53m) the directors said they remained confident in the group's ability to continue its planned expansion and to achieve more satisfactory profits.

They now say that they expect the effect of the current setback will be contained within 1978.

The adverse results, emerging from Local Authority housing contracts in the Midlands region, proved to be worse than expected, necessitating increased provisions for losses which have overshadowed the total performance of the group's construction activity.

In spite of continuing pressure on margins, elsewhere the activity is generally profitable, the directors add.

The engineering and foundry activities are trading satisfactorily and moved into profit and the joinery activity is expected to be in overall profit by the end of the year.

The agricultural equipment activity is suffering from a recession in farm machinery sales and is not expected to be profitable in 1978.

There is no tax charge for the period, compared with £508,000 last time.

● comment

Henry Boot's first half results are nothing short of disastrous, coming just five months after the directors expressed confidence that they could continue the planned expansion of the group and achieve more satisfactory profits. The market was expecting some shortfall—certainly a small profit — but the £1.8m turnround to losses of £0.84m sent the shares tumbling to 120p, a fall of 18p. The main problem appears to be that the company underestimated the loss on a local authority contrac, and this resulted in a deficit for the construction division of £1.1m (£0.43m profits). On top of this the agricultural company turned in losses of £90,000. The company indicates that there might have to be further provisions made in the second half, and overall the group will be lucky to break even this year. The company is capitalised at £6.37m

Wm. Press tops £5m mid year

FOR THE first half of 1978, turnover of William Press and Son rose £14m to £106m and taxable profits climbed from £4.03m to £5.13m. The directors say group trading continues to be sasifactory.

Half-year's profit includes £395,000 arising on property sales. After a tax charge of £2.56m (£2.06m) and minorities, available surplus improved from £1.97m to £2.4m.

The interim dividend is lifted to 0.4675p (0.4p) net per 5p share, costing £559,000 (£478,000)—for 1977, payments totalled 0.8375p on peak £9.56m profits.

With regard to the Inland Revenue investigation into certain tax matters in relation to the company, the directors say the position remains as reported in the 1977 accounts.

Then, they said that, in the absence of any information as to whether any claims would arise in this respect, no provision had been made in the accounts.

No past unpaid tax liability was admitted by the company, but if a view was taken of matters under review, then the overall cost to the company would seem unlikely to exceed £2m, they added.

● comment

The share rating of William Press has largely been overshadowed this year by Inland Revenue investigations. Interim profits this time are more than a quarter better on sales 15 per cent higher. Stripping out the property sales (which reduces the increase to 17 per cent) and assuming that the Middle East problems of J. Scott have now been sorted out, the result does not appear terribly impressive—the shares finished 1½p lower at 29½p. The company, meanwhile, is not giving much away, except to say that the improvement is fairly general. The current trading outlook seems reasonably good and profits for the year of around £12m should be possible. The group is dominant in many energy related fields and four big contracts announced earlier this year, one for North Sea platform equipment, has helped the order position. Meanwhile there seems to be some scope on the dividend front and the shares are on a prospective p/e of just over six and a yield of 4.7 per cent (assuming only 10 per cent increase).

Good start by Burns Anderson

Mr. W. Burns, chairman of Burns-Anderson, told the annual meeting yesterday that turnover in the first quarter of the new financial year was 14 per cent higher than last year.

Although it was too early to predict the same pattern in the ensuing nine months he was confident that the group would again have a successful year.

ISSUE NEWS

Merrydown Wine seeks permission to deal

Sussex-based manufacturer of vintage cider, Merrydown Wine, is hoping that the Stock Exchange will allow dealings in its shares without a full quote within a few weeks.

The company, which was set up by two amateur wine-makers with £400 each in 1946, has engaged London stockbrokers Pidgeon de Smit, who are hoping to get a small market going in the shares under Rule 163.

Though it is difficult to predict the brokers are expecting the shares to initially change hands between 25p to 30p.

The company was founded by Ian Howie and Jack Ward who together with the respective families still hold about a third of the shares.

Other major shareholders include Industrial Commercial Finance Corporation with some 20 per cent of the capital and Trustees Corporation which also recently acquired about a fifth of the equity.

Overall there are probably between 40 and 50 shareholders. A large number of these being small local holders.

Apart from vintage cider which accounts for about a third of the company's £3m yearly turnover Merrydown manufacturers many and British wines, cider vinegar and health foods including apple juice.

Last year the company's trading record was upset by a shortage of apples and an overall loss of £20,000 was incurred. But during the current year profits could be up over £100,000 before tax.

Pullman growth accelerates

AT THE annual general meeting of R. and J. Pullman, Mr. M. A. Hope, chairman, reported that demand for all of the group's products has been growing at an increasing pace, orders taken so far for spring delivery are substantially up on those for the same period last year, and the buoyancy of the home trade is very encouraging.

Management figures so far are showing a considerable increase, and the board is confident that results for the full year will be very good.

Because of the pattern of trade it has been decided to change the financial year end from March 31 to April 30. The next figures to be announced, in the second half of January 1979, will therefore cover the seven month period to October 31 1978.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Berkeley Hambros	int.	1.75	Jan. 5	1	—	3.2
Boosey & Hawkes	int.	1.9	Nov. 30	1.7	—	5.0
Henry Boot	int.	2.5	Nov. 10	2.5	—	9.1
Border Breweries	int.	1.02	Jan. 6	0.98	—	3.3
British Assets	4th int.	0.65	Jan. 5	—	2.4	2.0
Caledonian Assoc. Cinemas	int.	1	Dec. 8	1	—	3.6
Coral Leisure	int.	3	Nov. 28	2.75*	—	6*
Geers Gross	int.	1.5	Nov. 30	0.82	—	2.5
Grant Bros.	int.	1.52	—	1.52	—	3.8
London Brick	int.	1.41	Dec. 29	1.27	—	3.2
McKechnie Bros.		3.78	Jan. 2	3.45	5.33	4.9
Minet	int.	2.3	Nov. 20	2.06	—	3.3
Wm. Press	int.	0.47	Dec. 29	0.4	—	0.8
Priest/Marians		5.94	Jan. 8	4.09	5.94	4.0
Sheepbridge Eng.	int.	2.23	Jan. 1	2	—	4.2
S. Simpson		2.95	—	2.5	4.26	3.8
F. W. Thorpe		0.97	—	0.86	1.63	1.4
Transvaal Cons.		75‖	—	85	110	95
Trust Union	int.	1.7	—	1.4	—	3.4
Walker & Homer		0.45	Dec. 11	0.45	0.9	0.9
Wire & Plastics	int.	0.9	Jan. 2	0.8	—	2.1

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Plus additional 0.01926p for 1977, payable November 20. § Plus additional 0.0... for 1977. ¶ Plus additional 0.0297p for 1977. ‖ South African cents throughout.

Wire & Plastics slips at halftime

Having made a disappointing start to the year Wire and Plastic Products ended the first half of 1978 showing a decline in taxable profits from £162,554 to £148,369 on sales up £94,327 at £908,524.

However, in June the directors said they were confident the figures and at least maintain dividend. Last year profit was a record £347,000.

The net interim is raised to 0.9p (0.8p) per 10p share. Last time the final was 1.34p.

Tax for the half year took £75,196 (£81,139) leaving a net balance of £73,373 (£81,415).

Blackwood Hodge up in Canada

With results from Canada sufficiently in line with expectations the directors of Blackwood Hodge sticks to their earlier group forecast of pre-tax profit of not less than £18m for 1978.

Blackwood Hodge (Canada), in which the group has a 75 per cent equity interest reports pre-tax profits ahead from C$1.04m to C$1.45m for the nine months to September 30, 1978. Sales were C$1.5m better at C$83.19m.

John Crowther higher in first half

Following a loss in last year's second half, John Crowther Group, woollen textile manufacturer, increased pre-tax profits from £24,323 to £122,438 for the first six months of 1978. For all 1977 a £257,678 deficit was incurred.

Half-year turnover was little changed at £2.78m against £2.76m. Profits were struck after depreciation of £72,481 (£62,613) and reduced bank interest of £80,219 (£103,857). No tax charges arise with the exception of ACT.

The directors say they do not consider it prudent to make any forecast under current conditions.

The company does not pay interim dividends—last year's single net payment was 0.65p net per 25p share.

Grant Bros. recovering

Following a return to profitability in the second half of 1977-78, Grant Bros., departmental store operator, reports a pre-tax profit of £6,271 for the 26 weeks to July 22, 1978, compared with a £60,672 loss in last year's same period.

Turnover for the period climbed from £3.32m to £3.88m, including VAT of £166,114 (£153,339). After a tax charge of £8,029 (£26,786 credit), there was a net loss of £1,758 against £33,886.

Stated loss per 25p share was 0.58p against 3.26p. The interim dividend is kept as 1.52p net—last year's final was 2.362p from £111,000 taxable profit.

British Assets tops £4m

...er interest and expenses, ...er at £1,468,000, against ...22,000. Taxable revenue of British Assets Trust advanced by ...5,000 to a record £4,066,000 for the year to September 30, 1978. ...h prior charges deducted at net assets per 25p share at year end were up from 90.01p to ...p, or from 85p to 98.12p fully diluted.

Tax took £1,599,000 (£1,438,000) ...ing earnings per share 0.2p ...er at 2.46p or at 2.42p (...2p) if fully diluted. As fore... a fourth quarterly interim dividend of 0.65p net lifts the ...l by 20 per cent to 2.4p (2p). Comparative figures have been adjusted.

Downturn at Border Breweries

...II POOR summer weather in ...day areas and continued high ...employment affecting trade, the ...mated profits of Border ...weries (Wrexham) are down ...1 £495,000 to £485,000 in the year ended August 31, 1978. Present trade does not indicate the second half will produce great improvement and the ...d cannot foresee any substantial increase in profits for the ...

The interim dividend is 1.02p net 0.96p—the total last year 3.505p from pre-tax profits ...800,000.

The directors say the poor ...her was a significant factor ...isappointing beer sales in the half. However wine and ...t sales have been good and ...drinks have maintained their ...s compared with last year.

The revaluation of properties ...been completed and is being ...ssed at present with the ...ers and the company's ...tors.

Mucklow off to good start

...CURRENT year at A. and J. Mucklow Group has begun well ...r the impetus of the 500,000 ...ft factory construction programme which is running ahead of its two-year schedule, Mr. ... Mucklow, the chairman, says in his annual statement.

Investment income should show a further significant increase in ...year reflecting both new ...ries on rental and rent ...ws due this year on some ...sq ft of the existing port...

At year end the group had ...sq ft developed and let, an ...ase of 0.4m sq ft.

Overall he expects the year to ...ne of further satisfactory pro... As reported on September ...re-tax profit in the June 30, ...year advanced 32 per cent ...record £2.5m.

During the year a revaluation ...developed factory estates ...w up a £14.6m surplus over book value, and the new total ...5m has been incorporated in ...unts.

Mr. Mucklow says demand for new space created by the ...e II factory expansion which ...n in January is proving satis...ry with almost half the space ...dy developed pre-let.

In the year just ended five new industrial development sites were acquired and the acquisition of ...er sites is now under ...tiation. This will involve a ...ure of geographical extension in the Midlands.

On house building, he says that ...unlikely that these operations ...be expanded much beyond ...nt levels because of the current problems of the ...try and the group's concentration on industrial property ...tment.

With reconstructed stone the ...eable improvement in de... enjoyed last year resulted ...tter capacity utilisation and ...oved profitability, and this is continuing.

Meeting, Edgbaston, November ... 10.30 am.

J. W. Thorpe profit increase

J. W. Thorpe, Birmingham-based maker of "Thorlux" lighting equipment, reports increased turnover of £3.93m against £3.05m and pre-tax profits up from ...092 to £676,153 in the year ended June 30, 1978.

The year's turnover includes exports of £912,043 compared with ...807.

The final dividend is 0.97p per share (0.86p) making a total of ... against 1.46p previously.

McKechnie holds £15m on good UK business

A SECOND half upturn in taxable earnings from £7.46m to £8.79m by McKechnie Brothers left full time profit for the year to July 31, 1978, only marginally down at £15.55m, against £15.79m. Sales were up £5.1m at £155.7m.

The directors explain that better results in the UK more than compensated for adverse conditions overseas.

Though they do not expect trading to become substantially more buoyant in the UK, internal impetus should enable the company to improve its performance. In South Africa, they look for profits improving from the recent depressed levels, and in New Zealand and Australia there are signs of improvement in domestic orders. Here they expects benefits from heavy capital expenditure.

	1977-78	1976-77
	£000	£000
Sales	155,700	150,600
Operating profit	14,455	14,772
Share associates	2,066	2,061
Interest	1,790	1,648
Pre-tax profit*	15,551	15,785
Tax	7,092	7,961
Net profit	8,459	7,824
To minorities	2,104	2,615
Extraordinary debits	92	239
Attributable	6,263	5,944

* Excludes depreciation on mould metal stocks of £303,000 (£232,000) after tax which has been debited to stock reserves.

Stated earnings per 25p share for the year were down at 15.5p (18p) before extraordinary debits of £92,000 (£239,000) and at 15.3p (17.3p) after these items. The net total dividend is raised to 5.53p (4.95p) by a final of 3.78p.

In the past two financial years stocks of certain subsidiary companies in South Africa, valued on the "last in, first out" basis, were not adjusted on consolidation to the "first in, first out" basis. This basis of consolidation has now been reviewed and the appropriate adjustments have been made to the opening stocks.

The effect of this has been to increase the value of stocks at August 1, 1977 by £2,237,402, opening group reserves by £1,054,467 and the operating profit for last year by £62,149.

• comment

A second half pre-tax profits advance of 18 per cent at McKechnie almost makes up for the first half shortfall leaving the year virtually unchanged. The full year total includes a boost to profits of £600,000 from exchange movements, but that aside there are some interesting movements within the profits mix. Operating profits from the UK rose by £2m to £9.5m offsetting the setback of a quarter from South Africa, New Zealand and Australia. The drive in the UK came from the consumer and plastics division where operating profits were more than trebled from £0.8m to £2.9m, and though this includes about £1m from acquisitions (£0.7m in the second half) this end of the business has obviously been far more buoyant than the metals side where UK profits were marginally down at £6.6m. While the picture overseas was gloomy last year South Africa showed some signs of better trading in the second half. Although New Zealand and Australia continued to be slack. But overall McKechnie is looking to a steady improvement this year with the possibility of a similar growth rate to that seen in the second half of 1977-78. So over £18m pre-tax is possible this time round. At 91p the historic p/e of 5.8 and yield of 9.5 per cent looks reasonably attractive even with some fears over South African earnings.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Ayrshire Metal Products, Bamberger's, Beres, British Investment Trust, Clayton, Francis Industries, John Laing, Minster Assets, Photax (London), Scottish Ontario Investment, Silkolene Lubricants.

Finals—Construction Holdings, Eleco.

FUTURE DATES

Interims—	
Boots	Nov. 16
Braby Leslie	Nov. 16
Coates Patons	Nov. 7
Davies and Newman	Nov. 2
Electra Investment Trust	Nov. 2
Heath (C. E.)	Nov. 13
Readicut International	Nov. 9
Rediland	Nov. 21
Robertson Foods	Nov. 21
Scottish Heritable Trust	Oct. 30
Slimeshy (H. C.)	Nov. 6
Finals—	
Anglo Fidelity	Oct. 31
North Atlantic Securities	Oct. 31
Wolseley-Hughes	Nov. 16

Better trend at Elect. Machine

WITH LOSSES totalling £267,569 from three subsidiaries now sold or closed, Electronic Machine Co. incurred a pre-tax deficit of £253,354 for the year to April 30, 1978, compared with the previous year's £266,895. At halfway, the loss was cut from £162,000 to £123,000.

However, management accounts for the first five months of the current year, traditionally the weakest trading period, show a modest but reasonable profit, say the directors.

Prospects for the full year also indicate reasonable profitability at the same rate as the first five months, with possibly some improvement, they add.

This turnround results from the transactions involving the three former subsidiaries—this year the group has closed Ellvin and Co., metal presser, and sold Panax Equipment and Aviation Activities (Overhaul Services).

The directors anticipate that no further provisions will be required in connection with these businesses, subject to the disposal of Ellvin's vacant leasehold properties.

Turnover for 1977-78 advanced from £2.27m to £2.51m while loss per 25p share is shown at 9.82p. Again no dividends are to be paid—the last payment was a single 0.8125p net in respect of 1974-75.

Attributable loss increased from £248,795 to £469,915, after tax credits of £12,614 (£18,100) and an extraordinary debit of £229,173 this time, which relates entirely to its three subsidiaries.

The group's business is in engineering, aviation and instruments.

• comment

Electronic Machine's £130,354 second half loss is right in line with the company's forecast at the interim stage. As the results show, it has been a painful year for the company, which has been heavily involved in a big rationalisation programme. Panax, Ellvin and Aviation Activities between them incurred losses of £267,000 for the year and their closure and disposal expenditure amounted to a further £229,175. This divestment means that EMC has discarded most of its problem areas, leaving only the sophisticated optics and instrumentation companies. However, they are operating in a competitive and specialised field, and growth will not be easy to achieve. Meanwhile, the balance sheet is looking healthier: borrowings have been cut from nearly £1m a year ago to £0.23m as a result of the Panax sale and the Ellvin property deal. So far this year EMC has been operating in the black and if the current trend continues, profits of around £30,000 should be possible for the year. At 21p the capitalisation is £0.51m.

Advance by Trust Union

FOR THE half year to September 30, 1978, Trust Union reports pre-tax revenue ahead from £655,367 to £776,855.

The interim dividend is increased by 21.4 per cent from 1.4p to 1.7p net. The directors point out that this merely reflects the company's usual policy of paying an interim that is half of the previous year's total. It should not be taken as an indication of the total dividend for the year. Last year's total payment was 3.4p from profits of £1.25m.

Total income for the first half amounted to £1.01m (£0.88m). Management expenses and debenture loan interest took £237,369 (£230,792) and tax £270,486 (£238,192). The available balance was £499,281 (£408,087).

New pension plan from Barclays Life

Barclays Life Assurance Company, the life subsidiary of the Barclays Unicorn Group, is launching a new pension scheme for directors and executives. These schemes, in addition to providing investment for retirement—a tax free cash sum plus pension—includes such optional extras as life assurance cover and pensions for widows and dependents. The scheme, called the Executive Pension Plan, not only takes advantage of all the tax concessions, but allows complete investment flexibility. There is a choice of the managed pension fund, a mixture of equities, property and fixed-interest, or the Gilt-edged fund or the Money pension fund, with facilities for switching between funds.

This latest launch represents a further major step in the growth and development of the life assurance and pensions business of the Barclays Unicorn Group, towards the aim of providing a fully comprehensive range of services for both the personal and corporate market, irrespective of whether the clients are customers of the Barclays Group or not. This present plan follows the launch last year of the Personal Pension Plan for the self-employed. This has proved highly successful with over 3,400 plans written in the first 12 months.

Glaxo sees further growth

GREAT opportunities for advance are possessed by Glaxo, and though its growth rate must vary from time to time the trend is progressive and expected to remain so, Mr. A. E. Bide, the chairman, tells members.

The company is currently spending at the rate of some £25m a year on research and development. Clinical experience with Trandate, a new hypertensive drug it has developed, reinforces the directors' confidence that the drug will become one of the group's most important and profitable products, he says.

In addition another product from R & D represents a significant advance in its antibiotics. It will enable the company to enter the U.S. market with an important new antibiotic of its own and will increase its market share in most countries in which it currently sells cephalosporins.

Sales of the anti-asthma products, the Ventolin range and Becotide, continued to grow during 1977-78 and in the UK a new influenza vaccine has been successfully launched.

Considerable advance was made in all product areas in the UK veterinary field and this business is expected to obtain a steadily increasing share of this growing market both at home and overseas.

The most significant development in the pattern of the group's worldwide trade during the year was the acquisition of Meyer Laboratories Inc. to provide an already profitable direct outlet in the U.S. The new subsidiary gives Glaxo considerable opportunities, Mr. Bide says, and he expects that a significant and steadily increasing profit contribution will be derived from the venture.

In Nigeria, however, under the requirements of the Nigerian Promotion Decree, 1977, the group is being forced to reduce its holding in the Nigerian company to 40 per cent. The sale of the 20 per cent interest in the concern should bring in some £1m but will produce a capital loss of about £200,000 which will be reflected in next year's accounts.

This subsidiary's trading profit was up 45 per cent at near £4m in 1977-78. On the basis of this the sale would reduce group profit by £800,000.

To protect its position in certain UK subsidiaries whose liabilities had previously been agreed, and having regard to statutory time limits, the Inland Revenue has raised in the last three years assessments totalling £9,459,000 on which the corporation tax payable would be £3,878,000. Formal appeals have been lodged on the grounds that the assessments are estimated, excessive unsupported by the facts and contrary to the law. In addition the tax liabilities of certain other UK and overseas subsidiaries have not been finally agreed with the appropriate revenue authorities for a number of years. While there must inevitably be some tax uncertainties in a group trading on an international basis the directors say they have no reason to suppose that the provisions for tax incorporated in the latest accounts are not adequate to meet all past and current tax liabilities of group companies.

For the year to June 30, 1978, group pre-tax profit declined to £86.36m (£87.02m) on sales, excluding wholesaling, only 9 per cent higher at £409.89m (£375.38m) and the net total dividend is raised to 10.4p (10.21p)—as reported October 10.

At year end net liquid funds were down £34.7m (up £5.56m) with loans and overdrafts up at £63.83m (£28.15m) and short-term deposits down at £12.548m (£22.2m). The loans figures included 8 per cent bearer bonds which were redeemed on July 1 this year at a cost of £13.12m.

On a current cost basis along the Hyde Guidelines, group profit is cut to £68.99m by additional depreciation of £9.96m and extra cost of sales of £8.24m less a £824,000 gearing adjustment.

Meeting, Park Lane Hotel, W1, on December 11 at noon.

Procor UK returns to profit

With sales and rental income ahead from £1.64m to £2.25m, Procor (UK), a wholly-owned subsidiary of Trans Union Corporation of U.S., reports a pre-tax profit of £110,000 for the first half of 1978, compared with a £14,000 loss in last year's same period.

Again no dividend is payable. For all 1977, the company incurred a £4,000 deficit, before a tax credit of £213,000.

The company is involved in the manufacture, repair, sale and hire of railway rolling stock and ancillary equipment.

Schroder Property Fund value up to £40m

IN ITS seventh year the Schroder Property Fund for Pensions Funds and Charities increased its subscriptions by 52 per cent to £36.5m and doubled its property holdings to £31.1m. The total value of the fund at its July year-end was £40.4m, and with new subscriptions now running at around £1m a month Sir Ashley Ponsonby, chairman of the committee of management comments that last year proved to be the fund's "most successful one to date."

Seventeen properties with a final book cost of £14.53m were acquired in the year and contracts have been signed on a further eight costing £3.89m.

Offices now account for 48 per cent of fund properties by value, 32 per cent are industrial and just under 19 per cent shops. The fund made its first farmland purchase in the year, a 520-acre mixed arable and dairy farm near Ringwood valued at £416,000. And with few properties of suitable size and quality on the market the fund has doubled the size of its development portfolio, including a £3.3m commitment over two years for the reconstruction of the 25,620 sq ft Calder House offices opposite the Ritz Hotel in London's Piccadilly.

Sir Ashley reports that over 90 per cent of the fund's portfolio has been either built or modernised in the last 10 years and that 82 per cent by value are leased with five yearly rent review dates. Only part of the fund's small office building in Regent Street, Nottingham, is empty giving a void rate of just 0.6 per cent of the fund by value. At the end of January the average yield on the portfolio was 6.75 per cent, rather lower than in past years as the fund is more fully invested than in earlier years.

The offer price of Schroder Units at the year-end was £1.293, a 13.8 per cent increase on the 1977 price. Those amongst the 182 pension fund and charity subscribers who held the units over the whole year have seen a total return of 20.7 per cent in the year.

Ecclesiastical Insurance climbs midyear

With a recovery from a £62,000 loss to £36,000 surplus on underwriting Ecclesiastical Insurance Office expanded pre-tax profit for the six months to August 31, 1978 by £278,000 to £712,000. However, the directors emphasise that first half results do not necessarily give a reliable indication of the likely full-year result.

For 1977-78 profit was £670,587. At the time of first public issue of the company's 10 per cent redeemable £1 second cumulative preference shares in June, the directors said they were confident that demand for the company's services would continue to increase and forecast sustained but controlled long-term growth of business and profits.

Mid-term profit included investment income of £574,000 (£530,000) and realised capital gains of £142,000 (£96,000) less exceptional debits of £40,000 (£130,000). Tax took £345,000 (£209,000) leaving a net surplus of £367,000 (£225,000).

All the company's ordinary shares are owned by Allchurches Trust. The share capital was originally held by churchmen and in the early part of this century listed on the Stock Exchange. This listing was allowed to lapse in 1965 and by 1972 the shareholders ceased to associate solely with the Anglican Church.

Disputes hit Sheepbridge —£0.3m off at half time

DESCRIBED BY the directors as an exceptionally difficult trading period, the six months to September 30, 1978, at Sheepbridge Engineering resulted in a decline in pre-tax profits from £2.3m to £2m. And the Board forecasts that full year profits will fall short of last year's £5.56m.

The net interim dividend is stepped up from 2p to 2.2333p. Last year's total payment was 4.2838p.

During the first half labour problems and strikes at many of the company's customers' works reduced and interrupted production schedules and these influences continue. Those companies in the group which make components for diesel and petrol engines were particularly hard hit. Demand for pistons, piston rings and cylinder liners for tractors and farm machinery continued at a low level. Despatches in total were lower in volume than for the same period last year.

The company had to make reductions in the labour strengths at some factories; this was done by not replacing wastage and by voluntary redundancies. Even so, stocks have built up. Redundancy costs charged in the half year were approximately £100,000.

	Six months 1978 £000	1977 £000	Year 1977-78 £000
Sales	29,399	27,610	58,592
Profit before tax	1,990	2,302	5,560
Tax	1,035	1,197	2,998
Net profit	955	1,105	2,562
Minority profits	67	30	53
Attributable	888	1,075	[illegible]

The factory building for the expansion in Wales has been delayed because the suitability of the site was suspect, but it has now been cleared. Production is expected to start in June, 1980.

Discussions with the Hilliard Corporation, U.S., with whom it is planned to have a joint company in the U.S. to make and sell couplings and industrial disc brakes are nearing completion and the directors expect it to be operating shortly.

Lord Aberconway, chairman of Sheepbridge

● comment

After the rapid growth of 1974-77, Sheepbridge Engineering profits have now gone into reverse. The good years partly reflected recovery from a difficult period but more significantly they were helped by the boom in diesel engines in the wake of the oil crisis. This appears, albeit temporarily, to have petered out and tractor demand, for example, has tailed right off since last year: roughly 15 per cent of the group's output goes to this sector. More important, the downturn here has coincided with serious troubles at the plants of major commercial vehicle assembly customers—the stoppage at Bathgate, for example, was particularly costly. Orders for cylinder liners, of which the company is the leading manufacturer in Europe, were seriously hit and being volume sensitive, this has knocked margins. On a brighter note Advance Motor Supplies is apparently seeing little sign of price competition and should benefit from current and future expansion. The equipment side also seems to be doing well but profits for the year do not seem likely to better £5m. At 66p this puts the shares on a fully taxed prospective p/e of 9.4, which takes account of continuing long term diesel prospects. The yield of 11 per cent adds impressive support.

Berkeley Hambro midway surge

PROFITS BEFORE tax of Berkeley Hambro Property Company surged from £362,000 to £1.03m in the first half of 1978. Total income amounted to £3.63m compared with £4.43m.

The directors say the increase in revenue profits is attributable largely to reductions made in group borrowings by the sale of properties during 1977 and the early part of this year.

As a result the level of property outgoings and management expenses have been reduced. Profits from property dealings was also particularly satisfactory.

Earnings per share, before extraordinary items, are shown at 4.61p against 1.48p. The interim dividend is lifted from 1p to 1.75p—last year's total was 3.22p on pre-tax profits of £1.07m.

The first half result also shows a substantial extraordinary profit of £9.33m (£260,000 loss) and reflects the excess overhistoric cost of prices achieved on the sale of various assets, principally the North American Holdings and the Swire Property shares.

The major part of this surplus had been taken into account in the balance sheet at December 31, 1977, but the prices achieved on the transactions enhanced the reserves by a further £1.77m.

The directors have recently contracted to sell the St. James et d'Albany Hotel in Paris for FFr 22.5m and completion should take place before the end of the year. The hotel was non-revenue producing and this leaves them with only one such undeveloped site on the Continent which is held through an associated company.

In the current period no transfer has been made from the consolidated profit and loss account in respect of interest attributable to properties in course of development.

	First half 1978 £'000	1977 £'000
Total income	3,625	4,427
Outgoings, etc.*	2,388	4,286
Interest credit†	—	229
Assoc. loss	8	5
Profit before tax	1,029	362
Tax	240	[illegible]
Minorities	11	§313
Attributable	778	260
Extraord. credit	9,336	−¶260

* Plus expenses and interest payable. † Attributable to prop. in course of development. ‡ Covered by transfer to (from) reserves. § Debit. ¶ Loss.

Walker and Homer profit slump

PROFITS BEFORE tax of Walker and Homer upholstered furniture maker, slumped from £23,889 to £44,320 in the year ended July 31, 1978 and after tax of £121,861, against £21,515, there was a net loss of £77,541 compared with profits of £208,174 in the previous year.

First half profits had dropped from £227,681 to £48,342 and the directors said then that there did not apear to be any marked improvement.

Turnover for the year was down from £6.53m to £5.29m. Loss per share is shown as 1.36p against 3.66p earnings.

The final dividend is maintained at 0.45p making a same again total of 0.9p.

Commenting on the results, the directors say that while the group is at present working at a high level of production activity but is still recovering from a very depressed level of trade and consequently profit margins are not at the level which they would expect.

The Board is however hopeful that a steady improvement in profitability will take place as the the year progresses but this of course will be dependent upon the general level of consumer spending.

In view of the changing pattern of retail distribution they have made substantial changes to the sales organisation and there are clear signs that these changes are bringing in an increased volume of business.

Because of the much lower level of production activity during the year the directors are unable to maintain investment in stocks and capital expenditure.

In addition, they have decided on the basis of current capital investment forecast, to make a provision of £35,000 for deferred tax liability. These two factors have resulted in an abnormally high tax charge for the year.

Cash flow has been improved due to the sale of the Bolton factory and should be more than adequate should the upswing in the trading position continue. Estimated closure costs of £17,860 (nil) relating to the factory have been included as extraordinary debits in the year's results.

The foam conversion operation has been reorganised which enabled the Bradbury factory to be vacated at Stockport with effect from the beginning of August. Negotiations for the sale of the leasehold interest in these premises are at an advanced stage.

Geers Gross more than doubled midway

Turnover of Geers Gross, advertising agent and consultant, improved strongly from £3.85m to £12.6m in the first half of 1978 and pre-tax profits more than doubled from £63,392 to £132,811.

After tax of £73,319 (£42,000), earnings per 10p share are shown to have risen from 0.82p to 1.1p and the net interim dividend is increased from 0.815p to 1.5p. Last year's total payment was 2.52536p from profits of £281,000.

The half year figures, which include those of the U.S. subsidiary Richard K. Manoff for the five months since takeover, reflect a satisfactory level of trading, say the directors.

They state that some disappointing fall-off in domestic client spending, particularly in cigarettes, due to a major trade price-war and to the demise of tobacco substitutes, has been largely offset by very successful new-business activity.

As evidence of the Board's very positive view of future prospects, the company is currently making a considerable investment in new staff, particularly in account handling, research and creative areas.

In addition, space previously sublet has been taken back for the company's own use.

Inevitably this involves an increase in overheads, but it greatly increases the agency's ability to handle the considerable growth anticipated, both from new business already in house as well as new business expected over the next 12 months.

Philip Hunt jumps 56% in third quarter

Growth in net income of 56 per cent to a record U.S.$2,287,000 was achieved by Philip Hunt Chemical Corporation, of the U.S., the 52 per cent owned subsidiary of Turner and Newall, in the third quarter of 1978. Sales were also at a peak rising 24 per cent to $23.16m and earnings per share were 14 cents better at 40 cents.

The strong performance in the third quarter contributed to a 14 per cent improvement in net income to $5,403,000 ($4,738,000) for the nine months to the end of September. Earnings per share for the nine months improved to 95 cents (84 cents). Sales, up 24 per cent, totalled $67.08m.

Strong sales volume increases and consequent profit increases were achieved in all product lines in North America and in Europe. These increases maintained the trend seen in the second quarter of 1978.

This sales strength has continued in all markets in the early weeks of the fourth quarter, the directors state.

Priest Marians turns in £50,700

Profits before tax of Priest Marians Holdings, at £50,700 for the year ended April 30, 1978 have beaten the expected figure of about £34,000 and are well ahead of the previous year's £17,399. Turnover improved from £530,177 to £584,998.

The year's profit includes a special credit of £16,950 being a release of an extraordinary provision of which £6,990 was provided in 1976-77. Tax charge is £3,980 (£8,538).

Earnings per share are shown at 17.57p against 8.38p and the dividend is raised from 4.092p to 5.494p.

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BANK RETURN

—	Wednesday Oct. 25 1978	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposit	18,657,296	— 9,284,656
Special Deposits	1,062,240,000	—
Bankers	586,217,449	+ 53,382,004
Reserves & Other A/cs	622,144,988	— 17,417,405
	2,103,792,733	+ 57,179,943
ASSETS		
Govt. Securities	1,634,531,088	— 40,855,000
Advances & Other A/cs	299,662,169	+ 94,056,704
Premises, Equip't & other Secs.	168,431,502	+ 206,962
Notes	10,961,080	+ 3,561,110
Coin	206,874	+ 10,467
	2,103,792,733	+ 57,179,943
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	8,625,000,000	+ 25,000,000
In Circulation	8,614,038,920	+ 21,438,890
In Bank'g Dept	10,961,080	+ 3,561,110
ASSETS		
Govt. Debts	11,015,100	—
Other Govt. Secs.	7,436,764,478	— 77,669,152
Other Securities	1,077,220,422	+ 102,669,152
	8,525,000,000	+ 25,000,000

BIDS AND DEALS

Tate to remit SA sale proceeds

THE SOUTH AFRICAN Government has agreed to a scheme which will allow Tate and Lyle to receive £10.5m in sterling from the sale of its half share in African Products to the South African based Anglo American Industrial Corporation.

The deal, first annouced early this month and the terms of which have now been agreed, means that AFPROD becomes a subsidiary of AMIC.

Shareholders in AFPROD (in which Tate and Lyle was the largest, with 51.5 per cent) are being offered alternative terms.

Those resident in South Africa will be offered 1,020 cents per share. Non-resident shareholders have an alternative of accepting a cash payment of 567 cents and a special dividend of 400 cents.

If they accept the latter the South African Exchange Control authorities have granted permission for them to receive the total sum (967 cents) less the tax liability on the dividend element, in free Rands which can be remitted outside SA.

In the case of Tate and Lyle alone the dividend element will be divided into six instalments payable at monthly intervals.

However Tate is to sell the total dividend sum in sterling to a non-resident. Together with the cash sum this will raise the company £10.5m.

ABELSON PLANT PURCHASE

Abelson Plant (Holdings) (jointly owned by Tozer Kemsley and Millbourn and Turriff Corporation) has acquired Neagron (Construction), a plant hire and sales company based in London and Barking, Essex.

Neagron will operate alongside Abelson's existing plant hire company, Abelson Plant, and the Abelson holding company will co-ordinate the activities of the two subsidiaries, which will continue to trade individually.

Neagron's hire business is mainly in crawler cranes, grabs and piling equipment. About 30 per cent of its turnover comes from overseas sales, mostly to the Middle East, Africa, North and South America.

Carlton in U.S. battery expansion move

Carlton Industries, a 52 per cent owned subsidiary of Hawker Siddeley, is discussing the possible acquisition in the U.S. of certain assets and the business of Westinghouse Electric Corporation's KW Battery division.

According to Mr. J. C. L. Saxby, Carlton's secretary, the discussions are only at a preliminary stage and no price has yet been mentioned.

The KW Battery division manufactures railroad locomotive starting batteries, industrial batteries and battery chargers for electric lift trucks and coal mining equipment. Its products are to some extent complementary to Carlton's existing battery range and gives the UK company a foothold in the large U.S. market.

It is the company's first major expansion move since it became a subsidiary of Hawker Siddeley earlier this year. As part of that arrangement, Carlton acquired for cash Crompton Parkinson, Hawker Siddeley's lead acid automotive and traction battery business.

The KW discussions are part of an overall programme of building up Carlton's battery business. Other group activities include whiskey production and sale, house building, builders merchanting and plant leasing.

Metal Box sells stake to Continental Group

As part of its programme of disengagement from Continental Group, the U.S. container giant, Metal Box has sold its stake in an Australian container company to Continental, for about £4.5m.

Continental and Metal Box each had 14.2 per cent of the Australian company, called Container Limited. As a result of the deal Continental's stake rises to 28.4 per cent.

Yesterday Mr. Jim Hodder, the company secretary of Metal Box explained that Container had been closer to Continental so it was decided that Metal Box ought to be the one to sell out.

Mr. Hodder agreed that the sale left Metal Box without any representation in Australia. While he would not confirm whether the group had any plans to re-establish itself there he admitted that Metal Box "could not afford to ignore the whole of Australasia."

Meanwhile Container, which has access under a 1976 agreement to Continental's technical expertise, is now in the process of negotiating with Metal Box over continuing to have access to its "know how" in the future.

GARNAR/KINSWOOD

The offer by Garnar Scotblair for A. T. Kinswood and Co. has been accepted in respect of all the ordinary shares and 96.07 per cent of the preferred ordinary shares. The offers are already unconditional. The offer for preferred ordinary remains open and the balance will be acquired compulsorily.

GKN/STERN OSMAT

The resolutions at yesterday's meeting of Stern Osmat Group were passed. Guest Keen and Nettlefolds' offers for the company are unconditional and remain open.

Acceptances have been received for 3,234,040 ordinary shares (over 98 per cent) and 41,007 preference shares (over 92 per cent). The balance will be acquired compulsorily.

GUINNESS PEAT U.S. EXPANSION

Guinness Peat and Compagnie de L'Occident pour la Finance et L'Industrie SA of Luxembourg have agreed to take a 70 per cent interest in North American Glass Industries Inc., the Chicago based insurance and glazing company. The residual 30 per cent of the NAGI equity will remain with the existing management.

NAGI is the largest glass insurance and replacement glazing company in the U.S. Its combined activities produce $8m of revenue annually, and its pre-tax profits in 1977 amounted to over $1m.

NAGI's insurance activities have been concentrated solely in the specialist field of plate glass. The company, however, does hold licences for all forms of insurance other than ocean marine and life. COFI has interests in other insurance activities, and the venture gives Guinness Peat and COFI an opportunity to expand NAGI's insurance activities in the U.S.

The date of the acquisition will be November 1, 1978 when Lord Kissin of Guinness Peat will join the NAGI Board as chairman.

TI IN JOINT VENTURE

Tube Investments has joined a Cyprus manufacturing company to try to capture the middle and southern European markets for buses.

The joint venture, to be called TI-KMC, set up in Nicosia with a total investment of £1.4m, hopes to manufacture 800 buses a year. It will be basically export oriented.

Kaisis Motor Corporation of Cyprus has 60 per cent of the equity of the new industry, while the remaining 40 per cent is shared between TI and the Cyprus Development Bank.

Powell Duffryn to pay £1.2m for Lancs. group

Powell Duffryn is spending up to £1.17m on purchasing a small Lancashire-based timber group, Alfred Hulme. Some £250,000 of the consideration is dependent on the profits that Hulme will earn to March 31, 1980, while another part of the purchase price could be made through the issue of Powel Duffryn shares.

In its last financial year to December 31, 1977, Hulme made taxable profits of £200,000 on turnover £3.26m, compared with £166,000 profit and £2.96m sales in the previous year.

Although Hulme has only three timber sites Powell Duffryn says the acquisition will complement its existing timber and builders' merchants activities. It will establish a fifth division for Powell Duffryn Timber in a new trading area — Lancashire — outside its existing areas of operation, in East Anglia, the Midlands, London, the South and South West of England and Wales.

For 1978 Powell Duffryn Timber achieved profits of £1.79m on turnover of £30m, compared with £2.2m and £27.8m respectively in the previous year.

LEYLAND PAINT

County Bank has exercised its option to convert its entire holding 1m 10 per cent convertible redeemable cumulative preference shares of 25p each in Leyland Paint and Wallpaper and as a result County Bank has been allotted 1m ordinary shares of 25p each in the company.

Through Williams de Broe, Hill Chaplin and Co., it has placed 500,000 of these ordinary shares with institutional investors. As a result County Bank's present shareholding is 500,000 ordinary representing some 6.3 per cent of the total issued share capital.

Brooke Bond may try again for Bushells

Brooke Bond Liebig is sounding out Australian authorities on the possible approval of a fresh takeover offer for Bushells Investments, Australia's largest tea company.

Its first £20.5m offer was rejected by Mr. John Howard, the Australian Treasurer, under the 1975 Foreign Takeovers Act because it "would be contrary to the national interest."

Mr. J. M. Thomson, the managing director of Brooke Bond's overseas operations said last night that when the first application was made the company was not completely familiar with Australia's foreign investment guidelines.

"Since then we have had a number of discussions with the Australian Foreign Investment Review Board to determine what the guidelines are," he said. "Within the guidelines as we now understand them some form of partnership could be one form of approach to the acquisition. It is not the only approach."

BRICOMIN OFFER UNCHANGED

The offer price by Bricomin for New York and Gartmore remains unchanged at 47p. This is in line with the conditions of the offer which stated that if the estimated per share asset value of each of New York and Gartmore, on the basis of Hoare Govett's investment trust service daily list was greater than 41.6p on September 22, the offer price would be increased by the difference. In the event the asset value was estimated at 36.2p per share.

● NEWS ANALYSIS—PETBOW

Another victim of third world downturn

BY JAMES BARTHOLOMEW

PETBOW, along with other manufacturers of generating sets, can sometimes thrive on disaster.

The major coal mining strike of 1974 which was harmful to many businesses dramatically increased demand for Petbow's standby generating sets. And the quadrupling of oil prices at the same time, which precipitated worldwide recession, put money in the hands of developing countries which quickly started spending on sets as prime sources of power.

Petbow's profits have risen from £0.7m to £3.1m in the past five years. The company sailed through the slump as if it never happened.

Now Petbow has its own troubles. As announced on Wednesday, the company is having to make redundant 90 to 100 workers out of a total of just under 800. Orders from Africa and Middle East have crashed and, after carrying excess labour for several months, the company has finally decided to regard the slump as more than a short term phenomenon.

"With tanks in the streets, they have not been ordering much from Iran," said Petbow's chairman, Mr. James Bird. "And many people in the City do not seem to realise that Iraq is boycotting British goods following comments made by Dr. David Owen."

Nigeria was suffering from a severe economic downturn and demand from Turkey was also reduced, said Mr. Bird. Libya was less serious but demand had been affected there too.

Other generating set manufacturers have also been hit. Mirrlees, a subsidiary of Hawker Siddeley, has been working a four-day week since August. Dale Electric International agrees that demand from the Middle East and Africa is slack. And Mr. Bird claims that an unnamed British private company has initiated redundancies this week, while a German competitor is also in difficulties.

But Petbow has probably been harder hit than the rest for two reasons.

Although Petbow is generally lumped together with the other main public independent company in the sector, Dale Electric International, its products are different. While Dale mainly makes sets which are custom built for the needs of individual customers, Petbow predominantly makes sets to be bought off the shelf. The Petbow sets are relatively quickly manufactured on something approaching a production line. So if demand dries up, the effect is felt very quickly.

Dale does some of this production line work as well. But more often it produces sets for specific orders and eight or more months may pass between an order and installation of a set. Dale makes more standby sets for new buildings such as computer centres. In these cases the set does not have to be installed faster than the centre itself is built. Even if no new orders came in, Dale would still have work for the next eight months, said the chairman and managing director Mr. Leonard Dale yesterday.

Secondly, Petbow has felt the downturn worse than others because it has become so dependent on the countries now affected. In 1977-78, 36 per cent of its production went to Africa and 28 per cent to the Middle East. Petbow could be criticised for allowing itself to become so vulnerable to trouble in areas which are renowned for political instability. But as a rival company said, "It is not easy to turn away orders."

At least Petbow is financially strong, having had £2.1m cash in the last balance sheet and bank borrowings of only £1.3m. The shareholders' funds were £13½m. And not everyone takes the same gloomy view of the short to medium term future of third world demand. Stockbrokers Laurence Prust believe that this could merely be the last in a long series of hiccups.

But even if they are right, Petbow will have received quite a shock. It might now seek a way to become less vulnerable to short term fluctuations in demand. Petbow might then avoid disasters of its own as well as profiting from the disasters of others.

MINING NEWS

North Broken Hill seeking to acquire BH South

BY KENNETH MARSTON, MINING EDITOR

IT IS disclosed that Australia's North Broken Hill, major mining and investment group, last month proposed a merger worth close to A$80m (£46.8m) with its associated BH South. Moreover, North is still interested in making a bid despite a rejection by the South board, reports our Sydney correspondent.

The disclosure was made by the North chairman, Mr. M. L. Baillieu at the company's annual meeting in Melbourne yesterday. There has been considerable speculation that a bidder may be attracted to South, which is facing liquidity problems, largely through heavy losses associated with its phosphate venture in Queensland.

But the North disclosure is the first concrete evidence. In fact, Mr. Baillieu said at last year's annual meeting that the company was not considering a bid for South although it had been buying its shares.

For this reason, and given the close links between the two companies, it had largely been assumed that North's buying was largely aimed at deterring any other groups considering the possibility of acquiring South.

Both North and South are members of a group of large Melbourne companies, widely referred to as the "Collins House" stable. The group also includes Western Mining Corporation, EZ Industries and Associated Pulp and Paper Mills.

North BH and BH South both have large investment portfolios which have a great deal in common and are also partners in some mining operations. One of the most important investments is in the aluminium group, Alcoa of Australia, with South having a 16.6 per cent equity and North 12 per cent.

South recently announced that it intended to sell A$50m of its major investments to repay debts incurred over the phosphate venture. It has already made some smaller sales and has reportedly offered 6.6 per cent of Alcoa to selected life offices.

Mr. Baillieu pointed out that South had not paid a dividend for the last four years and that shareholders had to contribute A$20m of capital in 1977. South had lost A$9.6m in 1977-78; the phosphate venture was on a care and maintenance basis and the Cobar base metal mine was still unable to operate profitably.

North, he said, now had about 8.9m South shares, or 16 per cent of the capital, valued on the market at A$13m and the board was concerned to watch what was regarded as an important investment being eroded.

"We believe South's problems can be solved and that there is considerable scope for meeting its debt commitments and improving the results of its subsidiaries by a merger which would enable North's stable income to be used to the fullest extent possible," Mr. Baillieu added.

North had therefore held a preliminary discussion last month with the South board to explore the possibility of a merger on the basis of one North share for each South share. This would have enabled South shareholders to participate in North dividends after 1978. In London yesterday North Broken Hill shares were 107p and those of BH South closed at 113p.

Another good year at TCL

SOUTH AFRICA'S diversified mining group Transvaal Consolidated Land and Exploration has further raised its earnings for the year to September 30 to R27.48m (£15.78m), or 376 cents per share, from R23.86m in 1976-77. The final dividend is lifted by 10 cents to 75 cents, making a year's total of 110 cents against 95 cents.

TCL's turnover in the latest period amounted to R141,587 compared with R117,[illegible] a year ago, reflecting the revenue derived from coal, chrome and timber operations. The company also benefited from higher investment realisation profits of R394,000 compared with R96,000 last time.

Pending the annual statement by the chairman of this Barlow Rand group company, it would seem that a further rise in earnings is in prospect for the current year. TCL shares were [illegible] yesterday.

Polish coal exports rise

EXPORTS OF Polish coal will surpass 40m tons this year for the first time in history, according to the economic journal, Rynki Zagraniczne.

The journal said Poland, the world's fourth coal producer, would probably export 42m tons in 1979. The Government had targeted 39.7m tons for the export market in 1978.

Chief customers for Polish coal include the Soviet Union, Czechoslovakia and East Germany, although sales to the West have been increasing.

Among Western countries, major buyers of Polish coal include France with 3m tons last year, Italy with over 3m tons and Finland with about 3m tons.

Last year coal accounted for 12.7 per cent of Poland's total exports, the journal said.

Sharp jump in Amax earnings

AMAX, THE major U.S. mining and minerals group which has been fighting off a takeover bid by Standard Oil of California, yesterday reported a sharp 48 per cent jump in earnings for the third quarter of this year, reports David Lascelles from New York.

Net income was $44.3m (£21.8m), equivalent to $1.18 per share, up from $30m, or 78 cents a share. Sales were $476.4m against $293.5m in the same period of last year.

Mr. Pierre Gousseland, the chairman, said the improved results reflected the company's five-year investment programme of over $2bn. "I am confident that the strong earnings pattern will continue," he added.

Earnings improved for molybdenum, copper, coal, iron ore are potash. Losses in nickel were reduced. The consolidation of Canada Tungsten Mining earnings also contributed to improved results. But against this, lower market prices reduced zinc revenue, and lead suffered from a strike at the Missouri facilities.

These latest figures bring Amax's nine month earnings up to $99.2m, or 2.51 per share against $90.2m, or $2.44 a share in the first three quarters of 1977.

Talbex wins approval for Hoskins bid

Talbex, the industrial group with soap, aerosol and hairdressing interests, yesterday won approval from shareholders to bid for the Birmingham hospital equipment and building materials supplier Hoskins and Horton. It is now seeking a meeting with the Hoskins Board.

Authority to go ahead with takeover terms, however, was granted only after Talbex directors came in for strong criticism from two quarters.

Firstly, shareholders arriving at an EGM were met by union pickets from Hoskins and Horton handing out leaflets and wearing "Hands off Hoskins" rosettes.

Then, inside the meeting two Talbex shareholders spoke out strongly against a bid.

The meeting was called by Talbex after unsolicited approaches to Hoskins and Horton last month were firmly rejected. Terms have yet to be announced.

Talbex chairman Mr. Stanley Lunt said the directors were asking for a clear mandate from shareholders.

First of all, however, he wished to answer two points which had been raised in a letter from Hoskins chairman Mr. Stephen Lloyd to Talbex shareholders.

Mr. Lloyd had argued that there was no commercial logic in a merger and that Hoskins employees were against a takeover.

Mr. Lunt maintained that Mr. Lloyd was not in a position to speak with authority. "For the same reason he cannot have given the union and non-union representatives even an outline of the benefits which we believe will accrue from a merger."

Mr. Lunt then told shareholders that the Talbex board thought it was in the interests of Talbex to increase the turnover and profit of its industrial division by acquisition.

On the question of shareholders granting their Board carte blanche to bid on any terms, a point which has attracted considerable adverse comment, Mr. Lunt said the alternative, making the bid conditional on shareholders' support at a later EGM, would have put the group at a serious disadvantage.

"There is nothing sinister in our strategy. We have nothing to hide."

On the influence of Artoc, the Bahamas-based bank whose clients own almost 30 per cent of the Talbex equity, he said he had experienced "no interference whatsoever" apart from financial backing.

Later Mr. Eric Walton, a Talbex shareholder, was complimentary about the group's past.

But he said he was very unhappy about the resolution. "It is not right. I have never come across a situation like the one you have got yourselves into.

"What concerns me is that you are taking over a company where you are being opposed by the chairman right down to the lady who cleans the toilets."

Mr. Walton's comments were endorsed by another shareholder who referred to the recent poor performance of the Talbex share price.

The resolution was carried with 4.4m votes in favour and 0.5 against. On a show of hands more than two to one approved the bid.

Later one of the Hoskins pickets Mr. John Coley, a representative from Tass, the staff section of the AUEW, said he and his colleagues had travelled from Birmingham "to put the workers' point of view."

The Hoskins employees had worked hard for the past 15 years and had been well treated by the management, he added.

The unions, he said, were against a takeover but they were prepared to meet the Talbex management.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

ORTH AMERICAN NEWS

Currency losses hit Texaco earnings

BY DAVID LASCELLES

NEW YORK, Oct. 26.

E MIXED pattern of oil ıpany results continued today h third quarter results from aco.

iet earnings were $212.8m, ivalent to 79 cents a share, n from $247.9m or 91 cents bare in the same period last r.

Ir. Maurice Granville, chair- ı, blamed foreign currency ıslation losses for the lower r-on-year earnings but ıted out that Texaco's third rter results were up on the and second quarters.

actors working in the com- y's favour were higher oleum product and natural prices in the U.S., and higher le oil production abroad.

gainst this, Texaco exper- ed a natural decline in oil luction from older U.S. fields, and higher operating expenses.

Meanwhile, Standard Oil Company of California increased its from $106m to $131m, Agencies report from New York. This was in spite of foreign petroleum earnings declining from $126m to $113m. Eastern hemisphere earnings declined to $88m from $102m due to foreign exchange losses and lower crude oil production.

Revenue for the first nine months of Standard Oil of Ohio increased to $3.7bn from $2.5bn, whereas net earnings were $285.7m compared with $110.9m. Per share earnings improved from $1.41 to $2.89. British Petroleum has increased its stake in Sohio to 52.2 per cent.

Earnings of Getty Oil improved marginally for the nine-month period from $223.9m to $225.7m. Revenue increased also from $2.58bn to $2.72bn, but the per share earnings remained pegged at $2.74 per share.

Texas Eastern Corporation reported lower third quarter results, which the company attributed to increasing exploration costs and running costs of the Eastern gas system.

Commonwealth Oil Refining, which has sought protection from its creditors under bankruptcy laws, recorded a net profit for the third quarter of $2.2m compared with $1.8m. Per share earnings were 12 cents against 9 cents. Sales for the period dipped from $251m to $246m.

Also for the third quarter, Pennzoil Company advanced from 78 cents a share to 97 cents. Net income rose from $27m to $33m, on sales revenues up from $298m to $393m.

Union Oil Company of California slipped from $95.5m to $92.6m in the third quarter. Per share earnings remained unchanged at $2.10. Sales revenues moved ahead from $1.49bn to $1.64bn.

Union Oil indicated that the after tax capital gain of $43m from the sale of its 33 per cent interest in Maruzen Oil will be included in the results for the fourth quarter.

Murphy Oil Corporation slipped from $11.5m to $10.9m for the third quarter. Per share earnings were down from 92 cents to 88 cents. Sales revenues moved ahead from $266.3m to $311.8m.

Agache Willot to take over Korvettes

By Our Own Correspondent

NEW YORK, Oct. 26.

FRANCE'S Agache-Willot Group, which recently gained control of the bankrupt textile empire of Marcel Boussac, has launched its first major investment in the U.S. with an agreement in principle to pay more than $30m for a 51 per cent stake in the Korvettes department store chain.

Controlling interest is to be bought from Arlen Realty and Development Corporation which has ben suffering mounting losses on its real estate and retail business over the last five years. The 50-store Korvettes chain has been heavily in the red but has started to show a recovery this year and pre-tax operating losses in the six months ended August 26 were reduced from $6m to $1.9m.

The agreement with Agache Willot provides for an initial commitment "in excess of $30m which is expected to be followed by further expenditure on Korvettes's real estate interests currently owned by a subsidiary of Arlen.

With its acquisition of the Boussac empire, Agache Willot has added the prestigious Christian Dior fashion business to its existing Ted Lapidus brand name. Whether these labels find their way into Korvettes remains to be seen.

But the department store chain's recovery has been based on development of fashion lines and a reduced emphasis on hardware and basic clothing. Mr. David Brous, Korvette's president, says that additional investment would now be available for developing this new strategy.

EUROBONDS

Major sectors weaken as dollar sinks to new low

BY FRANCIS GHILES

EVER INCREASING nervousness was displayed in the two major sectors of the international bond markets yesterday as the dollar sank, yet again, to new lows. A sharp rise in the six-month *Eurodollar* rate further hit prices in the dollar sector: the offered rate moved up from 11 per cent on Wednesday night to 11¾ per cent last night, after having touched 11⅞ per cent earlier in the day.

Prices of dollar-denominated bonds fell sharply across the board. Where no sellers were active, professionals marked prices down by between ¼ to ½ of a point. Where there were sellers, particularly in the afternoon, prices dropped much more, in some cases by as much as 1½ to 2 points.

Recent and older issues were affected, both straight bonds and floating rate notes: the Gotabanken floater, which was priced on Wednesday was being quoted by the lead manager S. G. Warburg at 96½-97. The $40m convertible for Central Telephone and Utilities Corporation was put off until better times by Dean Witter Reynolds but the $75m floater for Long Term Credit Bank of Japan was priced at par by the lead managers, Credit Suisse, First Boston and Credit Lyonnais.

In the Deutschemark sector, trading was very nervous throughout the day and turnover heavy. Prices in the secondary market fell in the morning, recovered somewhat after lunch but ended the day amout ¼ to ½ of a point off. The BankAmerica Corp. issue which was priced at par yesterday was quoted at a discount of 1¼-1½ of a point yesterday morning, but recovered later on to be quoted at a discount of only half a point. This may have something to do with the fact that allotments seem to have been very tight, some banks only getting 10 per cent of the number of bonds they had asked for. A new issue for the Council of Europe was announced by BHF Bank: DM 130m for the Council of Europe with an indicated coupon of 6¾ per cent to be priced at par. The average life of these bonds is eight years and the final maturity 1988.

Nippon Yusen is expected to float a DM50m convertible next month through Westdeutsche Landesbank.

·chlumberger ·evenue rise

· Our Own Correspondent

NEW YORK, Oct. 26.

.LUMBERGER, the oil ing service company which ımong the financially most essful U.S. companies, today rted a further sharp growth revenues during the third ter.

et income was up 27 per cent 136m equivalent to $1.60 per e from $107m last year and per share. Revenues were .8m up from $543.3m.

r nine months Schlum- er's net income was $364.6m, from $292.3m last year. lling $4.29 a share as sed to $3.40. Nine month nue was $1.96bn compared $1.61bn.

. Jean Riboud, the chair- said the growth in oilfield ces continued strong in most ating regions in North and h America, North Africa and Far East. But the company ed "political and economic rs" for a decline in explora- in the UK sector

Standard Brands makes progress

BY OUR FINANCIAL STAFF

STANDARD BRANDS, the diversified food and wines group whose sales topped the $2bn mark for the first time last year, saw its earnings move up by 12 per cent during the third quarter.

At $20.3m against $18.1m, they were equivalent to 72 cents a share after 65 cents a year ago. The growth rate in the company's profits exceeded that of revenues, which were only 9 per cent higher at $580.9m.

For the whole of the first nine months, Standard Brands, which reckons on a profits improvement of some 8 per cent for 1978, expanded at a slightly slower rate. Earnings climbed by just over 9 per cent to $52.4m from $47.9m; at the par share level, they amounted to $1.86 against $1.71. Revenues, however, put on 13 per cent to $1.7bn.

Earlier this month, Mr. Reuben Gutoff stepped down as president of Standard Brands after his highly personal and centralised management style had led to friction with other executives. He was replaced by Mr. O. Lester Applegate and is now executive associate to the chairman.

The company turned in a flat earnings performance in 1977, as predicted, the high price of sugar having boosted demand for its sugar substitute high-fructose corn syrups the previous year. This benefit receded as sugar prices came down.

Consumer products provide the main drive behind Standard Brands' progress, with some 80 per cent of sales and operating profits generated in this area last year, a marked change from the position a few years ago.

Consolidated Foods gain

BY OUR FINANCIAL STAFF

FIRST QUARTER earnings of Consolidated Foods, which is paying $260m to buy the fast-growing Hanes hosiery and clothing company, increased by nearly 12 per cent to $27.4m, or 88 cents a share, though revenues soared by 35 per cent to $1.06bn.

The group said it was raising its dividend to 40 cents from 37.5 cents for the period.

In the previous three months, the company lifted its earnings its earnings by 11 per cent to $26.9m, or 90 cents a share, closing its 1976-77 financial year with an overall 14 per cent gain to $88m, or $2.93 per share.

Hefty setback for Singer

BY STEWART FLEMING

NEW YORK, Oct. 26.

THE SINGER Company, the largest of the world's sewing machine manufacturers, is projecting a $4.5m after tax charge against is fourth quarter profits as a result of its proposals to restructure its Clydebank, Scotland, sewing machine plant.

The company reports a sharp setback in its third quarter earnings from continuing operations. Net income fell from $11.8m, or 61 cents a share, to $6.4m, equal to 30 cents a share.

For the first nine months of 1978, the company's net income was $44.7m, or $2.38 a share, on sales revenues of $1.8bn, compared with $47.9m or $2.53 a share on sales of $1.66bn, in the first nine months of 1977.

Mr. Joseph B. Flavin, chairman and chief executive, said that the best estimate at this time for the full year indicates that the company's net income from continuing operations will be about 20 per cent lower than the 1977 level of $74.5m. Previously the company had predicted maintained earnings levels for 1978.

Commenting on the reasons for the setback, Mr. Flavin said that the main cause was lower than expected orders for its power tool and floor care products from the giant retailing group, Sears Roebuck.

Mr. Flavin also pointed out that the continued weakness in demand for household sewing machines in the U.S. has been a principal factor in its earnings decline. He said that U.S. sewing operations will not be profitable in 1978.

Navy settlement trims Tenneco third quarter

BY OUR OWN CORRESPONDENT

NEW YORK, Oct. 26.

TENNECO, the Houston-based diversified energy company, today reported a 6 per cent increase in earnings in the third quarter, to $102.4m, equivalent to 98 cents per share. The figures include earnings from Albright and Wilson, the British Chemical company acquired in mid-summer, though no breakdown was given. Operating revenues were up from $1.8bn last year to $2.1bn.

Mr. Jim Ketelsen, the chairman, said earnings growth in the period would have been nearer 10 per cent but for the unfavourable impact of a class settlement with the U.S. Navy on shipbuilding contracts.

Tenneco's Newport News shipyard in Virginia has been pressing for compensation over unprofitable Navy contracts, and has been obliged to make a one-time, after-tax write-down of about $9m.

RESULTS IN BRIEF

Procter & Gamble ahead

NEW YORK, Oct. 26.

PROCTER AND GAMBLE, the major U.S. soap and detergent manufacturer, pushed up its earnings by 11 per cent in the first three months to $166.9m, or $2.02 a share.

But sales were up 18 per cent to $2.28bn, indicating pressure on margins.

Last year the company boosted earnings by 11 per cent to $512m on revenues up by the same amount to $8.1bn.

Further advances for the nine months were recorded by **Reichhold Chemicals**, up from $1.18 to $1.39, **Stanley Works**, ironmongery, up from $2.01 to $2.53, and transport and manufacturing group **Consolidated Freightways**, ahead from $3.03 at $3.27.

Setbacks for the nine-month period were recorded by **Olin Corporation**, the wood and paper concern currently the subject of a bid from Celanese Corporation, which slipped from $2.85 to $2, and **Seaboard Coastline Industries**, the railway operator which has been involved in merger talks with Chessie System, with earnings falling from $4.72 to $2.51 a share.

In the same period the utility **Southern California Edison** fell from $2.92 to $2.31, building and chemicals company **GAF Corporation**, edged downwards from $1.46 to $1.43 and machine tool manufacturer **Warner and Swasey** slipped from $2.14 to $1.95.

For the first quarter of the current financial year, upturns are reported by securities broker **Shearson Hayden Stone**, which moved ahead strongly from 27 cents to $1.50, hydraulic and pneumatic systems manufacturer **Parker-Hannifin Corporation**, up from 58 cents to 63 cents and **Kenmetal**, the metals and tools group which advanced from 76 cents to $1.02.

In the first six months, per share profits of glass tableware and containers manufacturer **Anchor Hocking** advanced from $3.33 to $4.03, while those of construction company **Redman Industries** doubled from 23 cents to 46 cents.

Increased earnings for the full year were recorded by hair and beauty products and food group **Alberto-Culver**, up from 48 cents to 71 cents, and by drilling services company **Parker Drilling**, up from $4.37 to $8.45. **Cessna Aircraft** earnings slipped from $4.40 to $4.10 a share.

Agencies.

IERICAN QUARTERLIES

[name cut off] quarter	1978 $	1977 $
ıue	326.4m	302.5m
ıroﬁts	12.45m	10.83m
er share...	0.62	0.55
months		
ıue	982.2m	912.7m
roﬁts	36.67m	32.75m
er share...	1.84	1.66

RICAN STORES d quarter	1978 $	1977 $
nue	934.3m	891.6m
roﬁts	8.4m	3m
er share...	1.57	0.57
onths		
nue	2bn	1.8bn
roﬁts	16.7m	10.1m
er share...	3.15	1.82

CANADA quarter	1978 $	1977 $
ıue	1.12bn	894.9m
roﬁts	109.9m	83.6m
er share...	2.23	1.73
months		
ıue	3.11bn	2.62bn
roﬁts	260.6m	206.6m
er share...	5.26	4.34

-WARNER CORP. quarter	1978 $	1977 $
ıue	572.1m	498.4m
roﬁts	30.8m	24.5m
er share...	1.43	1.15
months		
ıue	1.70bn	1.49bn
roﬁts	95.5m	72.5m
er share...	4.45	3.45

B quarter	1978 $	1977 $
ıue	—	—
roﬁts	24.9m	18.7m
er share...	2.01	1.51
months		
ıue	—	—
roﬁts	68.2m	55.8m
er share...	5.58	4.51

DATEX CORPORATION Third quarter	1978 $	1977 $
Revenue	—	—
Net profits	10.26m	8.23m
Net per share...	0.80	0.64
Nine months		
Revenue	—	—
Net profits	31.10m	22.75m
Net per share...	2.43	1.76

DU PONT OF CANADA Third quarter	1978 $	1977 $
Revenue	164m	127m
Net profits	1.9m	354,000
Net per share...	0.24	0.04
Revenue	476m	396m
Nine months		
Net profits	8.3m	6.6m
Net per share...	1.04	0.82

FAIRCHILD CAMERA Third quarter	1978 $	1977 $
Revenue	138.1m	116.1m
Net profits	6.72m	2.89m
Net per share...	1.20	0.54
Nine months		
Revenue	389.1m	351.0m
Net profits	18.72m	6.69m
Net per share...	3.39	1.24

FIRST BOSTON Third quarter	1978 $	1977 $
Revenue	28.3m	20.9m
Net profits	3.4m	371,273
Net per share...	0.90	0.12
Nine months		
Revenue	73.8m	65.3m
Net profits	6.3m	2.9m
Net per share...	1.57	0.80

FRANKLIN LIFE INSCE. Third quarter	1978 $	1977 $
Net profits	14.07m	14.68m
Revenue	—	—
Net per share...	0.67	0.70
Nine months		
Revenue	—	—
Net profits	42.86m	40.82m
Net per share...	2.04	1.94

HARVEY HUBBELL Third quarter	1978 $	1977 $
Revenue	69m	52.2m
Net profits	5.1m	4m
Net per share...	0.87	0.71
Nine months		
Revenue	178.6m	159.6m
Net profits	13.8m	12.3m
Net per share...	2.43	2.21

HERSHEY FOODS Third quarter	1978 $	1977 $
Revenue	201.4m	177.5m
Net profits	11.63m	8.22m
Net per share...	0.85	0.60
Nine months		
Revenue	544.1m	477.7m
Net profits	28.11m	27.12m
Net per share...	2.05	1.98

HOLIDAY INNS Third quarter	1978 $	1977 $
Revenue	339m	293.8m
Net profits	25.3m	23m
Net per share...	0.82	0.74
Nine months		
Revenue	890.3m	788.2m
Net profits	56.8m	46.6m
Net per share...	1.84	1.48

HUGHES TOOL Third quarter	1978 $	1977 $
Revenue	177.1m	121.8m
Net profits	20.28m	11.46m
Net per share...	1.42	0.80
Nine months		
Revenue	576.5m	327.6m
Net profits	48.79m	35.00m
Net per share...	3.42	2.46

HUDSON'S BAY OIL AND GAS Third quarter	1978 $	1977 $
Revenue	85.6m	81.7m
Net profits	24.67m	22.24m
Net per share...	1.31	1.17
Nine months		
Revenue	—	—
Net profits	79.3m	71.5m
Net per share...	4.18	3.77

PHILIP A. HUNT CHEM. Third quarter	1978 $	1977 $
Revenue	23.2m	18.7m
Net profits	2.29m	1.46m
Net per share...	0.40	0.28
Nine months		
Revenue	67.1m	53.6m
Net profits	5.40m	4.74m
Net per share...	0.85	0.84

JOHNSON & JOHNSON Third quarter	1978 $	1977 $
Revenue	888.5m	744.8m
Net profits	80.5m	62.1m
Net per share...	1.35	1.06
Nine months		
Revenue	2.62bn	2.20bn
Net profits	238.12m	190.43m
Net per share...	4.01	3.26

JOHNSON CONTROLS Third quarter	1978 $	1977 $
Revenue	107.8m	82.9m
Net profits	6.59m	5.35m
Net per share...	0.76	0.61
Nine months		
Revenue	290.2m	224.8m
Net profits	15.24m	11.99m
Net per share...	1.75	1.38

McDONALDS CORP. Third quarter	1978 $	1977 $
Revenue	451.5m	382.3m
Net profits	47.95m	40.05m
Net per share...	1.18	0.99
Nine months		
Revenue	1.25bn	1.04bn
Net profits	124.16m	104.31m
Net per share...	3.05	2.57

MESA PETROLEUM Third quarter	1978 $	1977 $
Revenue	39.2m	33m
Net profits	8.4m	9.1m
Net per share...	0.52	0.56
Nine months		
Revenue	120.9m	95.1m
Net profits	30.2m	27.1m
Net per share...	1.88	1.75

MOHASCO Third quarter	1978 $	1977 $
Revenue	176.4m	160.0m
Net profits	2.75m	2.26m
Net per share...	0.42	0.74
Nine months		
Revenue	522.4m	473.3m
Net profits	8.22m	6.96m
Net per share...	1.24	1.04

MOORE McCORMICK Third quarter	1978 $	1977 $
Revenue	100.1m	82.4m
Net profits	18.87m	5.08m
Net per share...	1.90	0.59
Nine months		
Revenue	250.4m	244.6m
Net profits	22.44m	20.12m
Net per share...	3.93	3.53

NATIONAL CAN Third quarter	1978 $	1977 $
Revenue	288.0m	273.0m
Net profits	3.05m	12.9m
Net per share...	0.31	1.51
Nine months		
Revenue	745.0m	689.0m
Net profits	16.9m	25.1m
Net per share...	1.88	2.88

NORTHERN STATES POWER Third quarter	1978 $	1977 $
Revenue	243.8m	221.3m
Net profits	30.3m	26.7m
Net per share...	1.02	0.91
Nine months		
Revenue	746.8m	656.2m
Net profits	82.9m	68m
Net per share...	2.80	2.32

PUROLATOR Third quarter	1978 $	1977 $
Revenue	101.4m	89.5m
Net profits	4.33m	3.14m
Net per share...	0.95	0.68
Nine months		
Revenue	294.6m	264.0m
Net profits	10.91m	8.53m
Net per share...	2.38	1.85

SOUTHLAND Third quarter	1978 $	1977 $
Revenue	848.2m	694.1m
Net profits	19.3m	16.1m
Net per share...	0.93	0.83
Nine months		
Revenue	2.27bn	1.88bn
Net profits	45.1m	37.4m
Net per share...	2.30	1.93

STERLING DRUG Third quarter	1978 $	1977 $
Revenue	342.7m	316.4m
Net profits	27.00m	24.65m
Net per share...	0.45	0.41
Nine months		
Revenue	975.8m	881.6m
Net profits	71.56m	64.73m
Net per share...	1.19	1.08

TEXTRON Third quarter	1978 $	1977 $
Revenue	794.5m	681.6m
Net profits	41.71m	35.16m
Net per share...	1.11	0.94
Nine months		
Revenue	2.32bn	2.09bn
Net profits	122.76m	97.51m
Net per share...	3.27	2.60

TIGER INTERNATIONAL Third quarter	1978 $	1977 $
Revenue	192.1m	138.8m
Net profits	15.7m	8.2m
Net per share...	1.09	0.65
Nine months		
Revenue	499.7m	367.3m
Net profits	33.1m	15.3m
Net per share...	2.48	1.21

U.S. GYPSUM Third quarter	1978 $	1977 $
Revenue	363.1m	319.4m
Net profits	30.25m	19.67m
Net per share...	1.68	1.08
Nine months		
Revenue	1.03bn	858.7m
Net profits	82.92m	39.06m
Net per share...	4.56	2.15

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Swedish Match recovery falters

BY WILLIAM DULLFORCE

STOCKHOLM, October 26.

SWEDISH Match group has not made as good a profit recovery this year as it had anticipated. Today it reported a pre-tax loss of SKr 11m ($2.6m) for the first eight months against a loss of SKr 68m, but the extraordinary costs arising from the reorganisation of the loss-making units have continued at the same level to give a final pre-tax loss of SKr 92m, only SKr 26m lower than the corresponding figure last year. Group sales grew by seven per cent to SKr 3.27bn ($768m).

Even allowing for the fact that the autumn months are traditionally strong ones, Swedish Match no longer considers it will be possible to fulfil the forecasts made in the annual report of improvements in both operating result and the pre-tax result net of extraordinary items. In 1977 the group made a loss after extraordinary items of SKr 36m.

The eight-month operating result after cost-calculated depreciation was SKr 35m against SKr 47m in 1977. Net interest charges have dropped from SKr 65m to SKr 52m due to the disinvestment programme, but extraordinary costs rose by SKr 3m to SKr 113m instead of declining as expected. At the same time extraordinary income dropped by SKr 28m to SKr 32m.

The trouble is that the restructuring of the problem units has still to take effect. A sharp decline in the German furniture market, for instance, prevented the budgeted improvement in the Kübel factories and the management has decided to close down furniture production at another plant. This involves further substantial extraordinary costs.

A breakdown of the operating result shows that the board and Eurodoor group increased its losses, while both lighters and the machinery division continued to make heavy losses. Evaluation shows that further substantial cutbacks and write-down of assets are necessary, it is stated.

On the positive side the cardboard division boosted its operating profit from SKr 10m to SKr 18m, the Tarkett wall-covering division put on SKr 3m to SKr 22m and the group's Standby matches turned in SKr 50m, only SKr 4m down despite a decrease in the volume of sales in Western Europe and the U.S.

Working capital grew by SKr 52m instead of decreasing as targetted. Liquid funds at the end of August amounted to SKr 392m against SKr 452m on January 1 but the group also had unused overdrafts of SKr 214m.

Dollfus Mieg down at half-year stage

By Our Own Correspondent

PARIS, Oct. 26.

TEXTILE group Dollfus-Mieg showed an increased net loss of FFr 8.2m (just under $2m) in the first half of this year, compared with a FFr 2.2m deficit a year earlier, and expects to remain modestly in the red during the current six months despite an improvement in sales.

Group turnover in the first half rose 8.6 per cent to FFr 1.88bn as against FFr 1.73bn. However, whereas last year's second half showed a fall-off in sales, turnover had picked up in recent months and for the period to the end of September was 10.6 per cent higher than last year at FFr 3.67bn. Sales of the group's weaving sector went up by 15.6 per cent.

The improvement was mainly due to the Texunion offshoot, which the company said had responded well to re-organisation measures and had recovered since April. On the other hand, restructuring at another subsidiary, Tissages de Flers, which had been hit by low-priced import competition, had proved difficult and the company was making a loss which would limit the recovery of the group's results as a whole.

The parent company showed a net loss of FFr 0.4m in the first half, compared with a net profit of FFr 5.7m. The previous first half's profit was entirely accounted for by exceptional revenue from the sale of participations.

KLM traffic rises but dollar decline hits revenue

BY CHARLES BATCHELOR

AMSTERDAM, Oct. 26.

KLM-ROYAL Dutch Airlines reported a further increase in traffic volumes in the second quarter of 1978-79, although the decline of the dollar reduced growth in money terms. Operating profit was slightly lower but a lower interest charge lifted the net result slightly.

Operating profit fell marginally to Fl 109m ($56m) in the July-to-September quarter from Fl 110.4m. The net interest charge at Fl 4m was just under half the charge in the previous quarter and profit after interest rose to Fl 105m from Fl 101.9m. At the net level profit rose to Fl 102.7m from Fl 100.7m. Operating revenues rose 6 per cent to Fl 820m ($423m).

Traffic in tons/kms rose 9 per cent on the same 1977-78 quarter while production rose 3 per cent. Scheduled passenger traffic increased by 11 per cent, freight traffic by 12 per cent and post by 9 per cent. Charter traffic fell by 7 per cent. The load factor increased to 64.5 from 60.9 per cent.

The decline in the dollar and related currencies reduced the growth of traffic revenue to 5 per but this was largely compensated for by a slowdown in the growth of costs, also due to currency factors. Profits per share on the 3.2m shares outstanding this year were Fl 30.10 compared with Fl 31.20 on the 3.1m outstanding in 1977-78, before conversion of the outstanding convertible Debentures.

Net profit in the first half rose 4 per cent to Fl 153m on revenues 5 per cent up at Fl 1.52bn. Operating profit fell to Fl 161.1m from Fl 163m. Lower interest charges meant the profit after interest was Fl 151.6m compared with Fl 143.4m. Profit per share was Fl 44.27 in the first half compared with Fl 44.85 in the same period last year.

Allowing for the conversion of oustanding debentures profit per share was Fl 37.77 compared with Fl 37.90.

PUK deal with St. Gobain

BY DAVID WHITE

PARIS, Oct. 26.

FRENCH INDUSTRIAL conglomerates Pechiney Ugine Kuhlmann and Saint-Gobain-Pont-a-Mousson have moved towards rationalising part of their troubled plastics activities by grouping three of their factories together.

The two groups have made an agreement in principle which would transfer the manufacture of plastic tubes and couplings, one of the interests of the Pont-a-Mousson half of the SGPM combine, to Sogecan, a subsidiary of Pechiney Ugine Kuhlmann with a similar range of products.

In return, Pont-a-Mousson is to receive an important minority shareholding in Sogecan, Pechiney Ugine Kuhlmann said.

The factories to be made over are situated at Sable near Le Mans and at Vauvert near Nimes in Southern France. Pont-a-Mousson will also give Sogecan part of the equipment from a plant adjacent to its foundry at Foug in Lorraine.

This plant will be closed down and its 170 employees offered other jobs either in Pont-a-Mousson or in Sogecan.

As a result of the agreement, which awaits ratification by a shareholders' meeting of Sogecan, the PUK subsidiary is expected to have a work force of 500 and a turnover of FFr 250m ($60m) a year. The parent company said the pact would give Sogecan, which has a factory at Nevers, a coherent industrial base.

The products concerned are mainly for use in construction, public works, sanitation and as casings for electric cables.

In a separate statement today, PUK announced a modest increase in net profits for the first six months of this year. At FFr 91.4m ($22m) the half-year is FFr 5.6m ahead of the returns for the opening six months of 1977.

IRI to put new funds into Alfa Romeo

By Our Own Correspondent

ROME, Oct. 26.

ALFA ROMEO, the loss-making state-controlled car group, is to get a capital injection following an improvement in its industrial prospects. The state holding company IRI, which owns Alfa Romeo, has agreed to provide Lire 120bn ($150m) to raise the share capital of Alfa Romeo and its Naple-based subsidiary, Alfasud.

Both Alfa Romeo and Alfasud have been plagued by heavy losses in recent years, as a result of low productivity and frequent strikes and absenteeism. But an agreement reached with unions in February this year has set the basis for an improvement in labour relations. And the first signs of a much-needed increase in productivity have now become apparent.

In the first nine months of this year, production at Alfa Romeo's Arese plant near Milan rose 6 per cent, while at Alfasud production was 11 per cent higher than a year earlier. Orders booked by both plants rose 29 per cent.

The two Alfa factories continued to run at a loss this year, after a deficit of Lire 150bn in 1977. But management hopes to reduce this deficit and ultimately bring the group into balance through reorganisation of plant operations. Unions have agreed to discuss plans to restructure production methods, which are now gradually being implemented in the company's plants.

At Alfasud, in particular, the unions claim that output could be raised to 800 cars a day, from a nominal capacity of 540 cars daily under current conditions, if working methods are reorganised and more shifts introduced. This would not necessarily mean organising output along the lines experimented by Volvo, but unions want to introduce the notion of a team of workers on the assembly line to boost productivity.

Commission to probe Norinvest

By Fay Gjester

OSLO, Oct. 26.

NORINVEST, troubled Norwegian finance company that was saved from bankruptcy last month by a large group of bank and insurance companies, has asked the Banking Commission, an official supervisory body, to inspect its transactions over more than a decade.

In its letter to the Commission, Norinvest's board says the company's difficulties appear to have started as far back as 1965.

The Commission has told the finance commission that it is prepared to carry out the investigation, and suggests that a two- to three-man committee be appointed to tackle the job.

The Commission had previously held two inquiries into Norinvest's affairs. The report on the first of these, published about a year ago, was very critical of the way the accounts were kept, and of the fact that some Norinvest board members were also members of the boards of companies guaranteeing Norinvest loans.

The report on the more recent Commission inquiry—regarding transactions during the past half-year—has not yet been published.

Dividend held at Munich Re

By Guy Hawtin

FRANKFURT, Oct. 26.

MUENCHENER Rueckversicherungs-Gesellschaft, the Munich-based reinsurance concern, is proposing an unchanged 18 per cent dividend for the 1977-78 business year which ended on June 30. If shareholders accept the proposal they will receive DM 9 per DM 50 nominal share plus a tax credit coupon worth DM 5.06 to set against their personal tax liability.

A further bonus comes in the form of a rights issue aimed at raising DM 84m ($47.5m). Shareholders will be offered some 840,000 of the concern's ordinary DM 50 nominal shares at a price of DM 100 a share and a ratio of two to five. The issue, which will increase the concern's nominal capital from DM 195m to DM 279m will take place in February.

The group also announced that Herr Eberhard von Kuenheim chief executive of BMW, and Dr. Matthias Seefelder, chief executive of BASF, are being invited to join the Supervisory Board. They will be proposed at the December 8 annual meeting.

Ecuador loan up to $500m

By Our Euromarkets Staff

The $350m refinancing for Ecuado being arranged by Citicorp and Bank of America has been increased to $500m. Terms include a ten-year maturity with three and a half years of grace and a spread of ⅞ per cent for the first three years rising to 1 per cent for the remainder.

The $1bn refinancing for Sweden has just been signed: the new terms will increase the life of the loan by four years, to 1988. The borrower is paying a spread of ⅝ per cent throughout with six and a half years grace. Five banks decided to retire from the management of the initial $1bn loan which was signed eighteen months ago because they were unhappy with the new terms and they have been rplaced in the management group by four new ones.

CANADIAN BANKS

Stirrings in the City

BY JOHN EVANS

TO THE City of London, the sudden stirring among the Canadian banks to the opportunities of investment banking in the Euro-currency markets has a special significance, potentially marking the emergence of a future strong source of competition in an increasingly tough international banking environment.

London bankers jokingly talk of the Canadian banks as awakening from a "Rip van Winkel" slumber, and certainly the long-established Canadian banks in London have had a reputation for conservatism. But a trend towards greater aggression is beginning to be established.

Within Royal Bank of Canada, which this week unveiled plans to become the first Canadian bank to establish a wholly-owned merchant banking subsidiary in London, it is admitted that the Canadian banking community is sometimes accused of being slow to adapt its institutions to new forms of international business.

The other new entry, Canadian Imperial Bank of Commerce, last June set up with Hambros Bank a joint international investment bank in the City, called CIBC.

It will come as no surprise to see the remaining members of the "big five" Canadian chartered banks, Bank of Montreal, Bank of Nova Scotia and Toronto Dominion, move in a broadly similar direction in coming months.

The Bank of Montreal, without so far adopting a formal Euromarket banking entity, is already becoming known for its aggression in winning loan business in the international markets.

Canadian banks have an involvement in the City of London dating back many years. Some observers reckon that their old role in the Empire days, and their particular niche in City financial life, have established entrenched banking traditions that have proved particularly difficult to alter. It can even be heard argued that the strong streak of Scottish banking tradition within the Canadian banks has also bred its own form of cautious banking.

There is, however, strong logic for the Canadians to turn to investment banking in London. Like the domestic controls on their U.S. counterparts, Canadian banks are not allowed to act as underwriters of securities within Canada, nor to become involved in trust business.

Additionally, behind the Canadian banks' decision to court international merchant banking, particularly for Euromarket business, lies a complex web of global banking patterns.

Canadian banks were formerly a dominant factor in foreign banking in New York. The old U.S. relationships for the Canadians have broken down, and they have moved away from their money market and related banking practices to become much more aggressive in the American corporate markets in their own right.

At the same time, the European banks have moved into the U.S. with greater impact in the last few years, and brought an extra edge of competition for both the Canadian and U.S. banks.

> Canadian banks are beating a path to the door of the City of London as part of an expanding role in Eurocurrency markets. Canadian Imperial bank set the ball rolling in June when a joint merchant banking venture was formed with Hambros Bank. Subsequently, Royal Bank of Canada has announced plans to set up a wholly owned establishment. The remaining members of the Canadian "big five" are thought to be waiting in the wings.

Significantly, the Canadian banks seem to be emulating their U.S. banking cousins which have established a whole string of merchant banking subsidiaries in Britain.

Among the American banks, the great advantages of such entities are reckoned to include the ability to be much "quicker on their feet" when making decisions over international transactions — a point probably not lost on the Canadian banks with their sometimes ponderous internal organisation.

A London merchant banking operation has other attractions, and Royal Bank of Canada is optimistic that a UK-registered subsidiary will qualify it for currency business from the Export Credits Guarantee Department.

In fact, it is in the international markets where the rationale for the Canadian banks to spread their wings becomes so apparent.

Partly due to its weak international position, Canada has been an extremely large taker of Euromarket finance of all varieties this year. In second quarter 1978, Canadian provincial, Governmental and private sector borrowings are estimated to have totalled $US 4.82bn, with most of this sum being made up by the $2.5bn standby credit arranged by the Canadian Government among the main Canadian commercial banks.

But Canada also relies heavily on Deutsche mark and other forms of non-dollar bond and loan financing. It is here where the Canadian banks may have long-term plans to win business from the Europeans.

At the same time, the Canadian banks are major providers of funds to the international money markets.

Despite this long standing supply of Euromarket funds Canadian banks have hitherto often been content to play the part of junior members of loan syndications, picking up the very basics in terms of fees and spreads on Euroloans.

As the erosion in loan margins continues remorselessly, Canadian banks are determined to justify their market position and win more loan mandates, thereby becoming syndicate managers in their own right, generating the sort of extra fee income and earnings that create decent return on Euro lending.

Royal Bank of Canada sees its plans to establish a role in the Eurobond market, its first step into international securities.

RBC's main activity is planned in the new issue side of the bonds, but such a role "also inevitably means that we will have to evolve capability in secondary market trading," according to bank officials. The bank is confident that with RBC's wide-flung branch and subsidiary network, it can generate considerable placing power in the bond market.

The new merchant bank subsidiary should result from a merger with a current RBC subsidiary, Royal Bank of Canada Trust Corp. This trust division, already handling some Euro lending and corporate facilities as well as deposit accounts, employs some 40 people.

A further 20 staff are planned when merchant banking capability is added, pointing to some head-hunting in the City, "particularly for the Eurobond end of the business," say RBC officials.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on October [illegible]

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9½ 88	25	96½	96¾	0	−0¼	9.83
Australia 9 83	350	95½	96	+0¼	−0½	9.48
Australia 8.45 83	175	97	97½	−0¼	−0¾	9.40
Australia 9½ 93	75	99¼	99¾	0	−0¼	9.40
Beatrice Foods 7½ 83	100	93½	94¼	−0¼	−0¼	9.42
CECA 8½ 87	90	95¼	95¾	0	−1	9.52
CECA 9 83	25	97	97½	+0¼	−1¼	9.34
CECA 9½ 88	25	97½	98¼	−0¼	−1¼	9.48
CNT 9 83	75	94¾	95¼	−1¼	−2¼	9.64
Canada 9 83	250	96¼	96¾	−0¼	+0¼	9.14
Canada 8.20 93	250	95½	96	0	−0¼	9.24
Canada 8½ 88	250	94¾	95¼	−0¼	+0¼	9.39
Canadair 8¾ 83	70	94	94½	+0¼	−2	10.09
Dominion Brdg. Co. 9 86	[illegible]	94¼	94¾	0	−0¼	10.05
EIB 8¾ 83	100	96¼	96¾	−0¼	−1¼	9.58
EIB 8½ 88	75	97½	98	+0¼	−2	9.50
EIB 9½ 83	100	97	97½	−0¼	−1¼	9.47
EIB 9¼ 89	125	97½	98	0	−0¼	9.59
EIB 9½ 96	100	98¾	99¼	0	−0¼	9.56
Elsam Jutland 9 88	[illegible]	95¼	96¼	+0¼	−0¼	9.88
Eksportfinans 9 88	50	96½	97	−0¼	−1¼	[illegible]
Export Develpmnt. 8.8 83	125	98	98½	+0¼	0	9.26
Finland 8¾ 83	100	97½	98¼	+0¼	−0¼	9.20
Finland 9 86	100	97½	98	0	−0¼	9.57
Hospital O/S 9 83	25	95½	96¼	−0¼	−1¼	[illegible]
I.C Industries 9 85	[illegible]	93¾	94¼	−0¼	−1¼	10.26
Itel Finance 9¾ 88	25	94½	95¼	−0¼	−1¼	10.57
Itel Finance 9½ 90	20	93¾	94¼	−0¼	−2	10.91
Ito-Yokado 9½ 83	20	98½	99	−0¼	−0¾	9.67
J. C. Penney 8½ 83	100	95¾	96¼	−0¼	−1¼	9.53
Mac Bloedel 9¾ 93	50	95½	96	−0¼	−1¼	9.90
NZ Dev. Fin. 8½ 83	20	92½	93	−0¼	−2	[illegible]
NZ Dev. Fin. 8½ 85	20	92½	93½	−0¼	−1¼	[illegible]
Nat. West. 9 88	75	97	97½	−0¼	−2¼	9.50
Newfoundland 9½ 90	50	97	97½	0	−1	9.64
Nord Inv. Bk. 9½ 93	25	96½	96¾	+0¼	−0¼	9.32
Norges Komm. 9¼ 93	75	97½	98¼	0	−0¼	[illegible]
Norway 7¾ 83	250	93¼	93¾	+0¼	−1¼	9.69
Norway 8¼ 83	125	94¼	[illegible]	+0¼	−1¼	9.77
Norway 8½ 83	150	97¼	98¼	−0¼	−0¾	9.46
Occidental 8½ 85	75	93¼	93¾	−0¼	−1¼	10.28
Ont. Hydro 8¾ 83	125	[illegible]	94½	+0¼	−1¼	9.67
Quebec Hydro 9½ 93	50	96¾	97¼	0	−1¼	9.87
Sweden 9½ 88	125	98¼	99	−0¼	−0¼	9.61
UK 8½ 83	200	97	97½	0	−0¼	9.27
UK 9½ 93	150	97½	98	0	−0¼	9.37

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Develop. Bk. 5¾ 88	100	†95	96	−0¼	−1	6.13
Australia 6 88	250	101¼	101¾	−0¾	−1	5.81
CFE Mexico 6½ 86	150	97	97½	−0¼	−0¾	7.13
Canada 4¾ 83	600	97½	98	−0¾	−0¼	5.31
Chase Manhattan O/S 6 93	100	101¾	102¼	−0¼	−0¾	5.83
Commerzbank Int. WW 3½	100	†106½	107	−0¾	−2	[illegible]
Commerzbank Int. XW 3½	100	†81½	82½	+0¼	−1¼	6.00
Council of Europe 6½	100	100	100¾	+0¼	+0¼	6.07
EIB 6 90	300	97¾	98¼	−0¼	−0¼	[illegible]
Elektrobras-Brazil 6¾	150	97½	98¼	−0¾	−0¾	7.12
Elf Aquitaine 5½ 88	100	94¼	94¾	−0¾	−0¼	[illegible]
IBJ 5 84	100	99¾	100¼	0	−0¼	[illegible]
Indonesia 7 84	100	97¼	97¾	−0¼	−0¼	7.53
Kobe, City of 5¾ 86	100	100¾	101¼	−0¼	−0¾	5.56
Light Servicos de Elet.	150	†97¼	98¼	−0¼	−0¾	7.14
Mexico 6 85	200	96¾	97¼	−0¼	−0¼	6.63
Mitsubishi Petro 5½ 85	100	101½	101¾	−0¾	−1¼	[illegible]
Nippon Steel 5¾ 85	100	101¾	102¼	−0¼	−0¾	5.43
Norges Komm 6 90	100	100¼	100¾	−0¾	−1	5.94
Norway 4½ 83	250	96¼	96¾	−0¼	−0¼	5.27
Norwegian Ind. Bk. 6 90	125	99¼	99¾	−0¾	−1	6.06
Petroleo Brazil 7 88	100	98¾	99¾	−0¼	−0¾	7.16
Philippines 6½ 85	100	95½	96¼	−0¼	−0¼	7.57
PK Banken 5¾ 88	100	95¼	95¾	−0¾	−0¾	6.39
Quebec, Province of 6 90	150	96¼	97¼	−0¼	−0¾	6.37
Rautaruukki Oy 5¾ 88	50	94½	95	+0¼	−1	6.52
Ricoh 5½ 83	30	99	99½	+0¼	−0¼	5.43
Spain 6 88	200	96¾	97¼	0	−0¼	6.44
Statoil 6 88	150	99¾	99¾	−0¾	−1	6.05
Trondheim, City of 5¾	35	96¼	97¼	−0¼	−0¾	6.21
UDS Group 5¾ 83	65	96¾	97¼	−0¾	−0¾	[illegible]
Venezuela 6 88	250	94¼	95¼	−0¼	−0¾	6.75
Venezuela 6½ 90	100	96¼	96¾	−1¼	−1¼	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5½ 88	40	105½	105¾	−0¼	+0¼	4.55
Arlberg Tunnel 4 93	40	101	101¼	−0¾	+0¼	3.90
Asca 3¾ 93	100	96¼	97	+0¼	+1	4.04
Chase Manhattan 4 93	70	104	104½	+0¼	+1	3.64
CVRD 4¾ 90	50	98½	99	0	+1	4.88
Council of Europe 4½	65	103¼	103¾	−0¾	+0¼	4.19
Bankamerica 3¾ 93	80	102	102½	+0¼	+1	3.56
BNDE 5 88	75	102	102½	0	+0¼	4.72
Denmark 4½ 90	100	104½	104¾	0	+0¾	4.00
Denmark Mortgage Bank	80	104	104½	0	+1	4.05
EIB 4½ 93	100	102½	102¾	−0¼	+0¼	4.01
Euratom 4½ 93	80	102½	102¾	0	0	4.01
F. L. Smidth 4½ 89	25	101¾	102¼	−0¼	[illegible]	4.35
Finland 4½ 93	80	103	103½	−0¼	+0¼	4.21
GZB 4½ 93	100	103½	104	0	+0¼	4.14
Hilti-Liechtenstein 4½	25	105½	105¾	0	+1¼	3.76
ICI Fin. NV 4½ 93	100	104½	104¾	−0¼	+0¾	[illegible]
Imatran Voima 4 93	80	97	97½	−0¼	0	4.27
Manitoba 4 93	100	103½	104	0	+1	[illegible]
New Brunswick EPC 3¾	100	99	99½	0	+0¼	[illegible]
Newag 4 93	70	101¼	101¾	0	+0¾	3.87
Norges Komm 4½ 90	100	104¼	104¾	+0¼	+0¾	3.79
OKA 4 93	50	102¼	102¾	+0¼	+0¾	3.57
OKB 4 93	80	101½	101¾	0	+0¾	3.85
Oy Nokia 5 89	20	101¼	101¾	−0¾	−0¼	4.81
Sale 4½ 88	30	103	103½	0	+1¼	3.96
Seas 4½ 88	15	102	102½	0	+0¾	4.22
Voest-Alpine 4½ 93	100	103¼	103¾	0	+0¼	4.19
Voralberg Kraft 4 93	30	102¼	102¾	+0¼	+1¼	3.76
Vienna 4 93	100	101¾	102	−0¾	+0¾	3.83
World Bank 4½ 93	250	102¼	103	0	+0¾	3.99

YEN STRAIGHTS — [illegible]

OTHER STRAIGHTS — [illegible]

FLOATING RATE NOTES — [illegible]

CONVERTIBLE BONDS — [illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.
Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.date=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.
Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

صورة من الأصل

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Hitachi half-year profit increases by one-fifth

BY RICHARD C. HANSON

TOKYO, Oct. 26.

ACHI reported today its ent company net profit in the -year ended September 31 : 18.6 per cent to Y17.8bn 0.4m) from Y15.04bn in the parable last year half. ent company sales were up per cent to Y752.9bn from 7.2bn.

ie company, however, is ied that the pace of its sales profit growth will slow. The ply rising value of the yen already cut into export rs. Sales of air conditioners refrigerators, which boomed ng the hot summer months, also easing in the later half.

ficials said a 22 per cent ase in orders received in first half, to total Y937bn, buoyed by orders from o Electric Power for electric ty apparatus. Overall orders electric power products and rical equipment showed a 42 per cent jump as a result to Y337.5bn, or 36 per cent of the total versus 31 per cent a year ago.

Export orders received, meanwhile, were up only 2 per cent to Y174.5bn, a drop from a 22 per cent share to 19 per cent. Export orders for heavy electric equipment reportedly are at about 40 per cent of last year's peak. Export orders for electric power equipment were particularly hard hit, with generators at about 30 per cent of last year's level.

Orders received for consumer products were up 10 per cent (21 per cent of the total versus 22 per cent) communications, electronic equipment and measuring instruments, up 20 per cent (share unchanged at 22 per cent) rolling stock orders were up 9 per cent (11 per cent share versus 13 per cent) and industrial machinery orders rose 11 per cent (10 per cent share versus 11 per cent).

Shipments during the half year were up only 4 per cent to Y750.5bn. Export shipments rose 20 per cent, but shipments of electric utility apparatus and electrical equipment fell 15 per cent to a 23 per cent share from 28 per cent a year ago.

Hitachi estimates that its net profit in the year ending March 31 for the parent will be up about 10 per cent from Y31.4bn, while sales gain 5-6 per cent from Y1,398bn. On a consolidated basis, which will be announced later this year, net profit is estimated by the company to be up more than 10 per cent. One securities house expects consolidated net would be up 22 per cent if the yen's value stayed at 180 to 185 per U.S. dollar, a level which was broken yesterday in foreign exchange trading.

Hong Kong prime rate up $1\frac{1}{4}$%

Y ANTHONY ROWLEY

HONG KONG, Oct. 26.

HONG KONG Exchange s Association interest rate ommittee decided today to bank lending rate by 1.25 ent to 7.25 per cent, effec- Monday.

th prime rate pegged at many economists and rs felt to be the artificially vel of 6 per cent since July, Hong Kong dollar has ed markedly against other ncies.

m so, the size of the rate se agreed today came as a ise to most people who had ted a rise of the order of r cent, or 1 per cent at the in the prime. Observers t as a move forced on the by the Government.

Financial Secretary, Mr. Haddon-Cave, suggested tly that the "moral n" the Government had ionally relied on to in- e interest rates by way of anks might have to be ied, in the light of symp- of overheating in the my.

interest cartel is domi- by the Hongkong and hai Banking Corporation , having access to a major Kong-dollar deposit base, ot been so squeezed by the rely low prime as the foreign banks who are forced to buy funds in the interbank market—at levels up to 9 per cent in recent weeks.

The Exchange Banks Association has agreed to raise the deposit rate on savings accounts, seven-day call money and three-months money to 3.5 per cent, while the six-months deposit rate goes up to 4.25 per cent and the 12-months to 5.75 per cent. The Hongkong and Shanghai Bank and the Chartered Bank announced immediately afterwards that their best lending (prime) rate would rise by 1.25 per cent to 7.25 per cent as from October 30.

The news came too late to affect the stock market here, which closed 1.38 points up at 671.73 on the Hang Seng Index, although Hong Kong stocks declined in London today on the news. It also came too late to affect the foreign exchange market here although the move is widely expected to boost the Hong Kong dollar. The currency has declined by around 13 per cent on a trade-weighted basis since the begining of this year.

According to foreign exchange dealers, the relatively low rates of interest in Honk Kong have encouraged exporters to retain earnings offshore and to use Hong Kong simply as a borrowing base. Several foreign banks in Singapore—a rival financial centre—currently have a prime lending rate of 7.5 per cent while major local banks there maintain a prime rate of 7.25 per cent. Similar rates prevail in Malaysia.

The Hang Seng Bank, a subsidiary of the Hong Kong and Shanghai Bank, said in its latest economic report that there had been an increase in the outflow of short-term funds seeking higher returns, as indicated by a HK$1.83bn rise in fixed deposits placed overseas by local banks from January to August.

Another factor which probably influenced today's decision was the move by 13 Peking-controlled banks here last week to increase interest rates on their remminbi (Chinese currency) term deposits by 1 per cent immediately.

The increase in prime lending rate by a surprise 1.25 per cent today to 7.25 per cent followed the increased deposit rates agreed by the interest rate cartel, The Exchange Banks Association.

With prime rate pegged at what many economists and bankers felt to be the artificially low level of 6 per cent since July, the Hongkong dollar has declined markedly against other currencies and there has been an increasing outflow of short-term funds.

Recent interest rate increases in the U.S. and elsewhere accentuated these adverse trends and pressure mounted on the government, which indirectly influences the interest-rate cartel, to raise rates to support the dollar, stem monetary outflows and temper the current boom in property and stock-markets here.

epco forecast growth

MELBOURNE, Oct. 26.

O raised its profit in the quarter of its July-June g year and, barring indus- disruption, is confident it mprove the annual profit, harles McGrath, chairman, he annual meeting.

co expects to improve its h in the Australian auto ement parts market and strengthen its position in manufacturing and merchandising overseas, he said.

The group's after tax profit eased to A$17.54m (US$20.6m) in the year ended June 30 from A$18.80m, a fall Repco attributed to the Victorian power strike in October, 1977.

Reuter

Daido Life in pact with North Korea

By Our Own Correspondent

TOKYO, Oct. 26.

DAIDO LIFE Insurance Company of Osaka, Japan's tenth largest life insurance company, with assets of Y250bn ($1.4bn) has reached a basic understanding on the conclusion of a reinsurance agreement with Korean Foreign Insurance Co. of North Korea. Details of the pact are expected to be decided by the start of next year.

Daido, which will be the first Japanese concern to set a reinsurance agreement with a socialist country, was invited to North Korea in June by the Korean Foreign. Its ties to North Korea began with a Tokyo-based insurance concern, Kongo Insurance, which is operated by North Koreans resident in Japan. Kongo became an agent for Daido earlier this year, and arranged the introduction.

The quantity of reinsurance business with the North Koreans is not expected to be very large, but there is potential for growth, Daido says. The North Korean company, run by the Government, will be entering the life insurance field for the first time, having until now only been in casualty insurance.

The reinsurance transactions will be denominated in yen. Daido officials said that they were not concerned over the possibility that North Korea could default on payments. The North Koreans have had great difficulties paying back loans made by foreign banks, including Japanese.

Cold Storage Holdings down

By H. F. Lee

SINGAPORE, Oct. 26.

COLD STORAGE Holdings has reported a 13 per cent decline in group post tax profit for the half-year ended July, 1978. The interim profit of S$4.94m (US$10.47m) was achieved on an almost unchanged turnover of S$96m US$203.5m.).

Cold Storage blamed the unexpected downturn on the static level of sales and reduced margins in the group's trading and manufacturing activities. With the poor first half performance, the group now does not expect the full-year figure to reach the previous year's figure of S$11.8m.

Cold Storage disclosed that it has for the first time equity accounted the results of associated companies. The group has declared a gross interim dividend of 4.5 Malaysian cents per 10p stock unit.

Rembrandt takes stake in Gilbey South Africa

BY RICHARD ROLFE

JOHANNESBURG, Oct. 26.

THE Rembrandt Group, the tobacco-based multinational, has moved to strengthen its position in the domestic liquor market, ahead of what promises to be an increasingly bitter battle with SA Breweries for a slice of the beer market. It has bought 49 per cent of W. and A. Gilbey South Africa, the local subsidiary of IDV and ultimately of Grand Metropolitan for an undisclosed amount by way of subscription for preference and ordinary shares.

The official statement from Rembrandt says that the object of the investment is to strengthen competition in the beer industry while maintaining the present competition in wines and spirits. As a result, the meetings scheduled for tomorrow to consider Rembrandt's proposed acquisition of the shares it does not already own in Van Oudemeester Group, its main local liquor arm, have been adjourned.

Dr. Anton Rupert, the chairman of Rembrandt, disclosed recently the reason for the Oudemeester proposals, under which Rembrandt is offering 60 cents per share, and its acquisition of the outstanding shares in its brewery company, Intercontinental Breweries, said that great expense and investment would be needed to build the group's share of the beer market up to the target 20 per cent.

W. and A. Gilbey has also announced a related move to strengthen its local interests with the acquisition by its subsidiary, Gilbey Distillers and Vinters, of 50 per cent of Rebel discount liquor stores, probably the fastest-growing liquor chain in the Republic. The price for this transaction is also undisclosed, but is estimated by analysts of the sector at about R7m.

Rebel has extensive small outlets in the Transvaal and Natal and plans to expand to the Cape through the deal. But its trump card is the building-up of its liquor hypermarkets, of which it has seven, where liquor is sold on a cut-price basis. It is particularly strong, too, in the black market and supplies extensively to the black townships. As it is a private company, details of turnover and profitability are not known.

The upshot of the deals is that Gilbeys has forged a formal alliance with Rembrandt and has greatly expanded its financial muscle and its number of outlets.

Gain for AGC

BY OUR OWN CORRESPONDENT

SYDNEY, Oct. 26.

AUSTRALIAN Guarantee Corporation, Australia's largest finance company, raised its profit almost 19 per cent, from A$37.38m to A$44.48m (US$52.5m) in the year to September 30, to register its 18th successive record profit.

The increase was achieved on a 15.8 per cent rise in gross revenue from A$395m to A$457m (US$539m). Earnings rose at a slower pace in the second half registering an increase of 11.3 per cent compared with a 27.6 per cent gain in the first six months.

AGC is 53.3 per cent owned by the Bank of New South Wales which is expected to release its 1977-78 results tomorrow. In the first-half AGC accounted for about one-third of the bank's A$33m profit for that period. The bank's full year result, however, is being closely awaited to see whether it will follow the example of other banks to report this year and to disclose reserves, previously hidden, which have understated profits. There is also interest in whether the bank will give its shareholders some benefits this year.

AGC directors said that business activity had shown little growth in the past year and the group's finance receivable accordingly increased at a slower rate. Gross receivables at September 30 stood at A$2.61bn for a rise of 13.2 per cent, and net receivables at A$2.01bn an increase of 13 per cent.

The only financing activity to show strong growth was leasing. Consumer lending showed a modest increase, while property development loans dropped, because of insufficient new business to replace the volume of accounts paid out.

At the balance date, 70 per cent of net receivables were in consumer lending and commercial leasing. Profits were affected by an increase in bad debts from A$15.7m to A$17.7m.

Profits of the insurance off shoot dipped A$300,000 to A$7.3m with premium income down 6.2 per cent.

The dividend is held at 7.5 cents a share, payable on capital increased from 17.8 cents to 20.9 cents.

CBA inner reserves revealed

By James Forth

SYDNEY, Oct. 26.

THE COMMERCIAL Bank of Australia had inner reserves which had not previously been disclosed of about A$50m the chairman, Mr. A. S. Kimpton revealed at the annual meeting to-day in Melbourne.

The CBA is the third bank to disclose its hidden reserves since the treasurer, Mr. John Howard last month announced that the banks would in future give greater disclosure—although the banks do not have to provide this additional detail until they report for their result for the first half of 1978-79.

Mr. Kimpton said the CBA's 1977-78 profit would have been A$30.8m rather than the reported figure of A$25.6m.

The major hidden reserve was contingency reserves, which totalled A$28.6m at June 30. Mr. Kimpton said the information had been released because the directors were concerned that the market for the banks' shares had been subjected to speculative pressure and uncertainty.

For the current year the bank expected an increase in business and profits.

Currency, Money and Gold Markets

Dollar crashes near close

Intervention by central banks continued at a very high level yesterday, but the dollar still suffered its worst day on record against other major currencies. The Swiss National Bank, German Bundesbank, and Japanese commercial banks (acting on behalf of the Bank of Japan) all support the dollar, with market sources suggesting that each central bank bought well over $100m during the day.

The complete lack of confidence in the dollar was illustrated by the U.S. currency's performance in the late afternoon, when the central banks withdrew from the market. It was already very weak, falling to record lows at the European fixings, but then fell without resistance as the Bundesbank and Swiss authorities finished trading.

The dollar fell to a record low of DM 1.7575 against the Deutsche Mark, before closing at DM 1.7600, compared with DM 1.7815 previously. Similar movements were shown against other members of the European currency snake, with all these units touching record levels against the dollar.

The Swiss central bank continued to hold the dollar above SwFr 1.50 however, and it closed at SwFr 1.5062½, compared with SwFr 1.5125 on Wednesday. The Japanese yen touched Y178 against the dollar, and closed at Y178.30, compared with Y179.50.

The dollar fell below L800 in terms of the lira, for the first time in 33 months, closing at L796.65, against L803.25 on Wednesday.

The dollar's trade-weighted depreciation, as calculated by Morgan Guaranty of New York, widened to a record 12.5 per cent from 11.9 per cent.

Sterling's trade-weighted index, on Bank of England figures, rose to 63.0 from 62.2, after standing at 62.5 at the start and 63.0 at noon.

The pound opened at $2.0380-2.0395, the lowest level of the day, but good commercial demand lifted sterling to $2.0625-2.0640 by mid-day. It touched $2.0700-2.0725 in the afternoon, and closed at $2.0690-2.0710, a rise of 4.05 cents on the day.

Forward sterling was also very firm, with the three-month forward discount against the dollar narrowing sharply to 0.48 cent from 0.98 cent.

NEW YORK—The dollar remained around its all time lows in early trading, but there were signs of stability at the new levels as purchasers covered short positions before the week-end. Trading was busy, but not hectic, with the market looking for a U.S. trade deficit of around $2.5bn in the figures to be announced to-day.

BRUSSELS—There was no central bank support for the dollar, when the U.S. currency was fixed at a new low of BFr 27.82½ against the Belgian franc, compared with BFr 28.11¾ previously.

FRANKFURT—The dollar was fixed at a record low of DM 1.7626 against the D-mark yesterday, compared with DM 1.7820 previously. The Bundesbank did not intervene. Trading was moderately active, with a very nervous atmosphere overhanging the market. There were no new developments to account for the dollar's fall, only a continuation of the poor reception given to President Carter's anti-inflation package.

MILAN—The dollar fell sharply, to be fixed at L796.80 against the lira, the lowest level for 33 months. It fell from L803.05 on Wednesday in fairly heavy trading, with the Bank of Italy selling most of the $27.7m traded at the fixing, and abstaining from supporting the dollar. The D-mark rose to another all-time high of L451.53 against the lira from L450.90, while sterling, the guilder and Belgian franc also improved.

TOKYO—The Bank of Japan may have bought $10m as the dollar fell to a record low of Y178.50 against the yen yesterday morning, but no central bank intervention was detected during the afternoon. The dollar closed at Y179.57½, compared with a previous low of Y180.20 on Wednesday. Trading was moderate at $466m for spot delivery, with the U.S. currency stabilising somewhat towards the close as sellers of the previous day, bought back dollars to square positions and take profits.

BAHRAIN—Bahrain, Qatar, and the United Arab Emirates have revalued their currencies against the dollar. The official selling price for the dollar has been set at 0.384 for the Bahrain dinar, compared with 0.386 previously, and the selling price against the Qatar rial and UAE dirham is now 3.84, compared with 3.86 set on September 15. The move follows a similar one by Saudi Arabia on Wednesday.

THE POUND SPOT

Oct. 26	Bank rate %	Day's Spread	Close
U.S. $	[illegible]	[illegible]	[illegible]
Canadian $	[illegible]	[illegible]	[illegible]
Guilder	[illegible]	[illegible]	[illegible]
Belgian F	[illegible]	[illegible]	[illegible]
Danish K	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]
Port. Esc.	[illegible]	[illegible]	[illegible]
Span. Pes.	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]
Nrwgn. K.	[illegible]	[illegible]	[illegible]
French Fr.	[illegible]	[illegible]	[illegible]
Swedish Kr.	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]
Austria Sch	[illegible]	[illegible]	[illegible]
Swiss Fr.	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc [illegible].

FORWARD AGAINST £

One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]

Six-month forward dollar [illegible]. 12-month [illegible].

THE DOLLAR SPOT

October 26	Day's spread	Close
Canad'n $*	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
Belgian Fr	[illegible]	[illegible]
Danish Kr	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]
Port. Esc	[illegible]	[illegible]
Span. Pta	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Nrwgn. Kr	[illegible]	[illegible]
French Fr	[illegible]	[illegible]
Swedish Kr	[illegible]	[illegible]
Yen	[illegible]	[illegible]
Austria Sch	[illegible]	[illegible]
Swiss Fr	[illegible]	[illegible]

* U.S. cents per Canadian $.

FORWARD AGAINST $

One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY RATES

October 26	Special Drawing Rights	European Unit of Account
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish krone	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	5.58095	5.88095
Lira	1064.53	1123.51
Yen	238.889	251.623
Norwegian krone	6.39514	6.74470
Peseta	92.9423	95.9379
Swedish krona	5.57121	5.87685
Swiss franc	2.00648	2.11482

CURRENCY MOVEMENTS

October 26	Bank of England Index	Morgan Guaranty changes %
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish kroner	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]
Guilder	124.25	+21.8
French franc	100.23	−5.6
Lira	52.88	−49.0
Yen	258.76	+56.9

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Oct. 26	£	$		£ Note Rates
Argentina Peso	1,845-1,849	891.30-893.24	Austria	26.60-27.40
Australia Dollar	1.7401-1.7461	0.8406-0.8435	Belgium	60.50-61.50
Finland Markka	7.86-7.88	3.8285-3.8305	Denmark	10.05-10.20
Brazil Cruzeiro	39.85-40.04	19.25-19.73	France	8.36-8.44
Greek Drachma	70.857-72.593	34.230-35.069	Germany	[illegible]
Hong Kong Dollar	9.75½-9.77½	4.7490-4.7520	Italy	1630-1680
Iran Rial	141-147	70.40-70.65	Japan	368-378
Kuwait Dinar (KD)	0.540-0.550	0.2666-0.2667	Netherlands	3.95-4.05
Luxembourg Franc	57.25-57.35	27.66-27.71	Norway	9.75-9.85
Malaysia Dollar	4.36½-4.38½	2.1270-2.1300	Portugal	88-104
New Zealand Dollar	1.8873-1.8943	0.9117-0.9151	Spain	[illegible]
Saudi Arabia Riyal	6.59-6.69	3.2500-3.2550	Switzerland	3.10-3.20
Singapore Dollar	4.34-4.36½	2.1160-2.1170	United States	2.060-2.0700
South African Rand	1.7781-1.8046	0.8590-0.8718	Yugoslavia	41.43

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Oct. 26	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.070	3.645	369.0	8.415	3.118	3.978	1649.	[illegible]	67.30
U.S. Dollar	0.483	1.	1.761	178.3	4.065	1.506	1.920	796.4	[illegible]	[illegible]
Deutsche Mark	0.274	0.568	1.	101.2	2.309	0.856	1.091	452.3	[illegible]	18.72
Japanese Yen 1,000	2.710	5.610	9.878	1000.	22.80	8.449	10.77	4467.	[illegible]	[illegible]
French Franc 10	1.188	2.460	4.332	438.5	10.	3.705	4.724	1959.	[illegible]	68.09
Swiss Franc	0.321	0.664	1.169	118.4	2.699	1.	1.275	528.8	[illegible]	18.38
Dutch Guilder	0.252	0.521	0.917	92.83	2.117	0.784	1.	414.7	[illegible]	14.42
Italian Lira 1,000	0.607	1.256	2.211	223.8	5.105	1.891	2.411	1000.	[illegible]	34.78
Canadian Dollar	0.408	0.844	1.486	150.4	3.430	1.271	1.620	672.0	1.	[illegible]
Belgian Franc 100	1.745	3.615	6.361	644.0	14.69	5.441	6.937	2877.	[illegible]	100.

EURO-CURRENCY INTEREST RATES*

Oct. 26	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	9¾-10	9-9¼	8¼-9¼	10-10½	⅛-¼	3¼-3⅜	6¾-7	10-14		[illegible]
7 day's notice	9⅞-10	9⅛-9⅜	8½-9¼	10-10½	⅛-½	3¼-3⅜	7-7½	15-17	10⅛-10⅜	[illegible]
Month	10-10⅛	9⅝-9⅞	[illegible]	10⅝-10⅞	par-⅛	[illegible]	7¼-7½	15-16	[illegible]	[illegible]
Three months	[illegible]	10⅝-10⅞	10-10⅜	10½-10¾	[illegible]	3½-3⅝	8-9¼	16½-16½	10½-10⅝	[illegible]
Six months	[illegible]	10¼-10½	10-10⅜	[illegible]	[illegible]	3⅝-3¾	10⅛-10⅜	16-17	[illegible]	[illegible]
One year	11-11⅛	10¼-10½	10-10¼	8¾-9	[illegible]	3¾-3⅞	10⅞-11⅛	17-18	[illegible]	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: one month 9.65-9.75 per cent; three months 10.55-10.65 per cent; six months [illegible]-11.30 per cent; one year 11.00-11.20 per cent.

Long-term Eurodollar deposits: Two years 10¼-10½ per cent; three years 10¼-10½ per cent; four years 10-10¼ per cent; five years 9¾-10¼ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two-day call for guilders and Swiss francs. Asian rates for closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Pressure eases on Fed funds

Federal Funds eased to 9⅛ per cent in early New York trading yesterday, compared with 9¼ per cent on Wednesday. Treasury bill rates were generally firmer however, with 13-week bills rising to 7.56 per cent from 7.52 per cent; 26-week bills to 8.53 per cent from 8.47 per cent, and one-year bills to 8.48 per cent from 8.43 per cent. In the early part of this week the Federal Reserve intervened to add liquidity to the banking system, by way of overnight repurchase orders, following a technical shortage of funds. With Fed funds easing however, and the U.S. authorities committed to firmer interest rates to control inflation, there was no sign of early intervention by the Federal Reserve yesterday.

FRANKFURT—Interest rates were generally easier in the interbank market, while figures published by the Bundesbank yesterday showed that Germany's currency reserves rose by DM 2.5bn in the third week of October, making a rise of DM 9bn over a four-week period. In the first three weeks of October currency reserves rose by DM 6.8bn, compared with DM 3.4bn for the whole of September. The central bank said that the largest proportion of the increase was due to foreign exchange market intervention. Last week the Bundesbank council voted to increase the minimum reserve requirements of banks to drain the excess liquidity caused by intervention in the exchange market. Call money fell to 3.30-3.40 per cent yesterday, from 3.45-3.50 per cent, one-month was 3.50-3.60 per cent compared with 3.55-3.60 per cent previously; three-month 3.90-4.00 per cent, against 3.93-4.00 per cent; six-month 3.95-4.05 per cent against 4.00-4.05 per cent; and 12-month 4.15-4.25 per cent compared with 4.15-4.20 per cent.

AMSTERDAM—Interest rates were generally easier, with call money falling to 10-10¼ per cent, and one-month to 10-10¼ per cent from 10⅞-11 per cent. Three month funds eased to 10¼-10½ per cent from 10½-10⅞ per cent, and six-month to 9½-9¾ per cent from 9½-9⅞ per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were firmer. One-month money rose to 10¼-10½ per cent from 9¾-10 per cent; three-month to 10-10½ per cent from 9⅝-9⅞ per cent, six-month to 9¼-9½ per cent from 8¾-9 per cent, and 12-month to 9½-9⅞ per cent from 8¼-8⅞ per cent.

HONG KONG—Money market conditions were normal, with call money dealt at 6¾ per cent and overnight at 6 per cent.

GOLD

Further record

Gold rose to a record closing level of $234¾-235¼ in very active trading yesterday. The rise of $4¾ on the day was a further reflection of the dollar's weakness, and the metal touched $235½-236 during the afternoon.

In Paris the 12½-kilo gold bar was fixed at FFr 30,900 per kilo ($235.39 per ounce) in the afternoon, compared with FFr 30,875 ($235.39 per ounce) in the after- FFr 30,700 ($227.70) Tuesday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 13,275 per kilo ($231.80 per ounce), compared with DM 13,185 (DM 230.17) previously.

GOLD

	Oct. 26	Oct. 25
Gold Bullion (a fine ounce)		
Close	$234¾-235¼	$230-230¼
Opening	$233-233½	$229½-230½
Morning fixing	$233.80 (£113.060)	$230.10 (£115.602)
Afternoon fixing	$233.70 (£115.447)	$230.30 (£115.744)
Gold Coins domestically		
Krugerrand	$243½-245½ (£117¼-118¼)	$238¼-240¼ (£117¼-118¼)
New Sovereigns	$68-70 ($32¾-33¾)	$65½-67½ (£32¼-33¼)
Old Sovereigns	$65-67 (£31¼-32¼)	$62¼-64¼ (£30¾-31¾)
Gold Coins internationally		
Krugerrand	$242-244 (£116½-117½)	$237¼-239¼ (£116½-117½)
New Sovereigns	$64-66 (£30¾-31¾)	$61¼-63¼ (£30¼-31¼)
Old Sovereigns	$65-67 (£31¼-32¼)	$62¼-64¼ (£30¾-31¾)
$20 Eagles	$315-315	$307-310
$10 Eagles	$162-167	$159¼-164¼
$5 Eagles	$110-115	$108½-113½

UK MONEY MARKET

Small assistance

Bank of England Minimum Lending Rate 10 per cent (since June, 1978)

Day-to-day credit was in slightly short supply in the London money market yesterday, and the authorities bought a small amount of Treasury bills from the discount houses to give assistance.

Banks brought forward surplus balances, and the market was also helped by a fall in the note circulation. These factors were outweighed by a small excess of revenue payments to the Exchequer over Government disbursements, and a very small number of maturing local authority bills held by the authorities.

Discount houses paid 9½-9¾ per cent for secured call loans at the start, and closing balances were taken at 9-9½ per cent.

In the interbank market overnight loans closed at 9½-10 per cent, after touching 7 per cent during the day.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Oct. 26 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	7-10	—	—	—	—	—	—	—	—
2 days notice	—	—	9¾-10	—	—	10½	9-9⅝	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	9⅞-10⅛	9¾-10⅛	—	—	10½	—	—	—	—
One month	10-9 15/16	10⅛-10¼	9⅞-10	—	10½	—	9½	—	—	—
Two months	10 7/16-10 5/16	10 7/16-10⅝	—	10-10½	10½	10½	9½	9½-9¾	10	10⅞
Three months	10 13/16-10 11/16	10½-10 11/16	—	10-10⅝	11	—	9¾	9¾-9 11/16	10⅜	11
Six months	11 1/16-10 15/16	11⅛-11¼	10⅝-10¾	10-10½	11¼	11⅛-11¼	10⅛	9⅞-10¼	10¾	11¼
Nine months	11 1/16-10 15/16	11 1/16-11 3/16	10¾-11	10½-11	11½	—	—	—	10 15/16	11½
One year	11 1/16-10 15/16	11 1/16-11 3/16	10¾-11	10¾-11¼	11½	—	—	—	—	—
Two years	—	—	11⅞-11 15/16	10¾-11¼	11½	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rates nominally three years 12-12¼ per cent; four years 12¼-12½ per cent; five years 12½-12¾ per cent. ◆ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 10¼ per cent; four-month trade bills 11⅛ per cent.

Approximate selling rates for one-month Treasury Bills 9½ per cent; and two-month 9⅝ per cent; three-month 9¾ per cent. Approximate selling rate for one-month bank bills 9 13/16 per cent; two-month 10⅛ per cent; and three-month 10 5/16 per cent; one-month trade bills 10½ per cent; two-month 11 per cent; and also three-month 11¼ per cent.

Finance House Base Rates (published by the Finance House Association) 9½ per cent from October 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 6-7 per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 9.0599 per cent.

MONEY RATES

NEW YORK

Prime Rate	10
Fed Funds	9.125
Treasury Bills (13-week)	7.56
Treasury Bills (26-week)	8.53

GERMANY

Discount Rate	[illegible]
Overnight	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]

FRANCE

Discount Rate	[illegible]
Overnight	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]

JAPAN

Discount Rate	[illegible]
Call (Unconditional)	[illegible]
Bills Discount Rate	[illegible]

هكذا من الأصل

ENERGY REVIEW

BY DAVID FISHLOCK, Science Editor

French recipe for handling nuclear waste

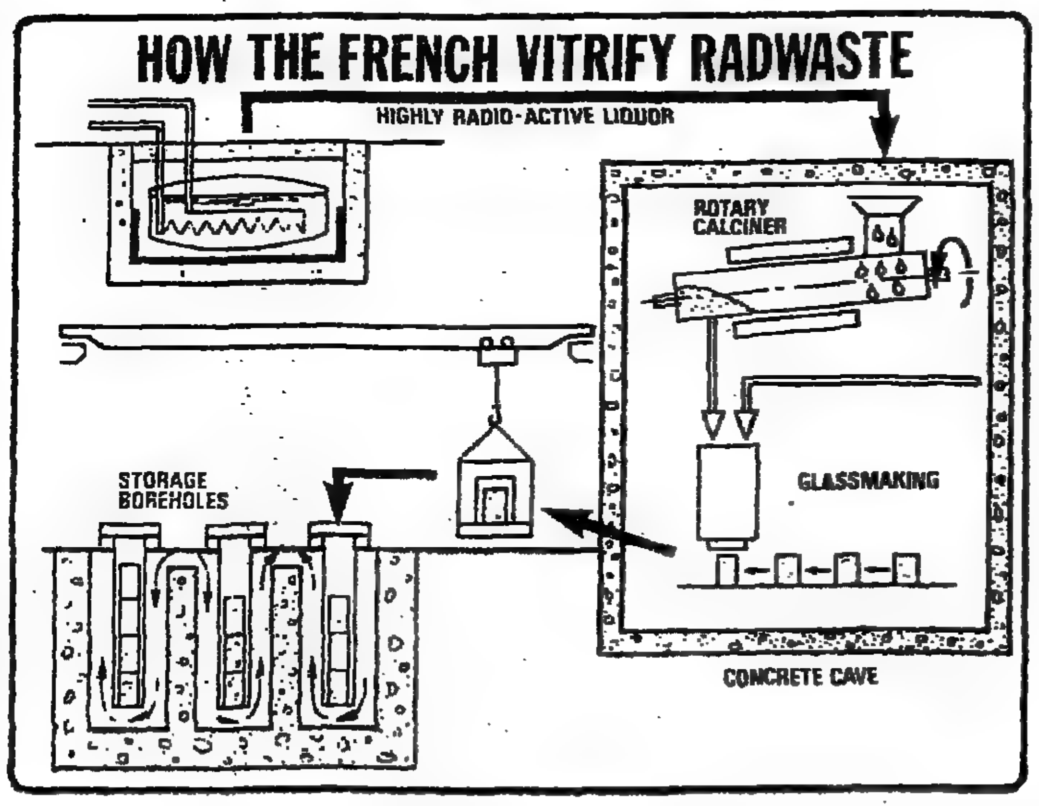
PEERED through a port- into the brightly-lit concrete ·. Amid a forest of gleam- steel pipework a drum it the shape and size of a estic hot-water tank glided tely into position. A fine ad of red-hot glass began tream into the vessel.

e were watching French en- ers solidifying the intensely o-active liquors left behind n spent nuclear fuel is re- essed. Their plant, at coule in the Rhône Valley— known among Frenchmen a potent rosé of the same e—is claimed to be the d's first of its kind to eve industrial-scale opera-

itain, says British Nuclear s, may well license the ich process in order to d the introduction of the nology in the UK. Although L has one of its own, called est, developed at Harwell, is several years behind in strial application. Already West Germans have asked icense the French process heir WAK pilot reprocess- operation at Karlsruhe, and Belgians for their newly- ired reprocessing facility at

Licence agreements with these countries are close gnature, says Cogema, the ch counterpart of BNFL.

e French themselves intend uild more plants of this at Cap La Hague, their reprocessing centre near bourg, at a cost currently iated at about Fr 500m ut £60m) per plant. A led report from Marcoule ie first month of operation e *atelier de vitrification de* oule (AVM) process last summer has just reached La Hague. There, they expect to have the process on-stream by 1983-84 as an integral part of their latest (UP2) reprocessing plant for domestic spent fuel. A second AVM plant will be included in designs for another reprocessing plant to handle overseas reprocessing orders in the late-1980s.



The idea of solidifying intensely radio-active acid residues from reprocessing came to public attention just two years ago, when opponents of nuclear power charged BNFL with creating an international "nuclear dustbin" at Windscale by undertaking overseas orders. The company—which until then had seen no urgency about changing its present practice of storing the "high-level" radio-active waste as liquor—rewrote its overseas contracts to say that customers must be prepared to take back this waste as a solid, and assume responsibility themselves for its ultimate disposal. For every 15 casks of spent fuel imported, about one cask of vitrified waste will have to be returned.

For BNFL it meant picking up the threads of a technology Harwell had embarked upon in the 1950s, but shelved when it was given a lower priority. Last year it embarked upon a £30m pilot plant project at Windscale. Although details have still to be agreed, it is expected that this plant will be funded about equally by BNFL, the Department of Energy and the Central Electricity Generating Board.

The French, who began work on solidifying "rad-waste" in the late 1950s, have pursued the technology without interruption. It passed through the stage of a small pilot plant in the early 1960s to verify that borosilicate glass—the hard corrosion-resisting kind used to construct small chemical plants—was the best medium in which to solidify the liquor. Next came a "pot" or batch glassmaking pilot plant at Marcoule. Finally it has been demonstrated as a continuous glassmaking process. At the same time these stages have been used to verify that the hot glass—heated by radio-active decay—is in fact a stable substance which might safely be buried for hundreds of years.

Construction of the AVM plant began in 1971. The aim, says M. Jacques Couture—a chemical engineer who was in charge of reprocessing at Marcoule in the early years of the project, but to-day is Cogema's sales manager for reprocessing—was to demonstrate vitrification of waste as a continuous process which can be maintained and repaired "untouched by hand."

For 18 months before pouring the first radio-active glass in July, the French engineers ran the plant "cold" to assure themselves that every part of a complex tangle of chemical engineering could be isolated and replaced. "Every component has been removed," says M. Couture. Nothing weighs more than about 500 kg and everything can be replaced inside one week.

Briefly, the AVM process consists of a rotary calciner which evaporates a continuous stream of the radio-active acid to leave brown granules of mixed fission products. This is the trickiest stage of the process, the heart of vitrification, involving a gradation in temperature rising to 900 degrees C at the exit of the slowly rotating furnace. Some 6,000 hours of remote operation of the calciner were notched up before radio-active liquor was introduced, to demonstrate that the calciner would evaporate 40 litres an hour without risk of choking on caked fission products.

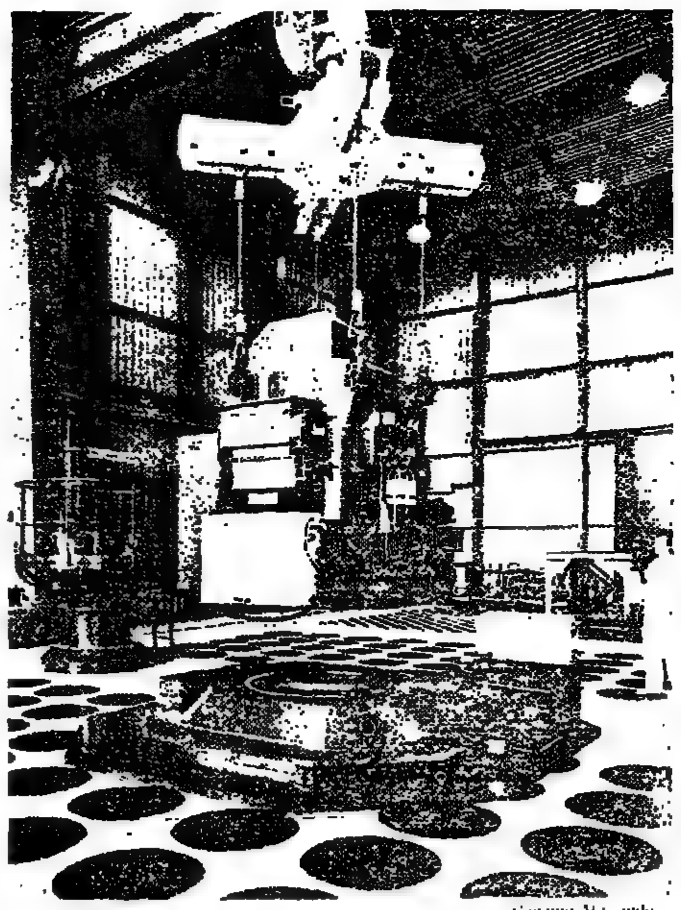
Granules continuously leaving the calciner mix with a stream of frit (the material needed to make glass in a glass-melting pot, heated by induction. This pot is tapped three times a day, discharging a stream of molten borosilicate glass into the storage drum. Each drum holds a full day's output of 350 kilograms of jet-black glass.

The final steps in the AVM process are automatic welding of a cover on the drum, followed by washing to ensure that no trace of radio-activity contaminates the outside of the drum. Altogether 300 different parameters are being controlled automatically and logged by a computer. An automatic transfer machine then deposits the drums one on top of the other, 10 drums deep, in boreholes beneath the black discs shown in the accompanying photograph, in a storage hall adjoining the AVM process. Cold air circulated through the boreholes is discharged at a peak stack-temperature of 100 degrees C. This hall can be entered without either risk from radio-activity or discomfort from the high temperature a few feet underfoot.

Together with the French nuclear safety authorities, the engineers have tried hard to envisage the "worst possible accident" that could occur within the concrete cave. But with nothing to explode, catch fire or cause a "criticality," the worst imaginable is not very dramatic.

At Marcoule they are delighted with the way they have convinced the Swedes that the AVM process is a proven technology for transforming high-level radio-active waste into a form suitable for disposal. Swedish confidence was reflected in the recent SKB report on waste management to the Swedish Government which concluded that it would be safer and more convenient to store the vitrified residue than to store unreprocessed spent nuclear fuel—as the U.S. Government wants the nuclear industry to do. As M. Couture told them, the storage hall of the AVM plant—small as it is—will accommodate all the waste liquor from the entire Swedish nuclear power programme for 13 years.

In the first test run of the AVM process during July the engineers cast a drum a day throughout the month without meeting any problem they had not already encountered and learned how to overcome during their "cold" runs. But M. Jacques Bellot, director of Marcoule, observes cautiously that a crucial test will take place next week when they attempt to replace the glass-making furnace itself for the first time since it became radio-active.


Cogema Marcoule

Storage hall of the Marcoule plant for solidifying highly radio-active nuclear waste.

The AVM plant, says M. Bellot, was planned on a scale needed to treat all the high-level liquors arising from its own reprocessing activities. Marcoule, where plutonium is separated for the French military programme, is also intended to undertake all commercial reprocessing of Electricité de France's natural uranium (Magnox) fuel from gas-cooled reactors. In the future, M. Bellot expects it to become the site for the first reprocessing plant dedicated to the much more intensely radio-active spent fuel from commercial fast-breeder reactors. As a start, before the end of this year they plan to vitrify the waste liquors from two tonnes of fuel from the Phénix prototype fast reactor nearby, to gain experience of treating still higher levels of radio-activity and of a different spectrum of fission products.

Modifications envisaged today to the AVM process for the vitrification of light water reactor fuel at La Hague are mainly in providing twin processing lines, both to match the output of 800-tonnes per year reprocessing plants and to provide extra security in the event of a breakdown.

UNITED STATES EXPORTS

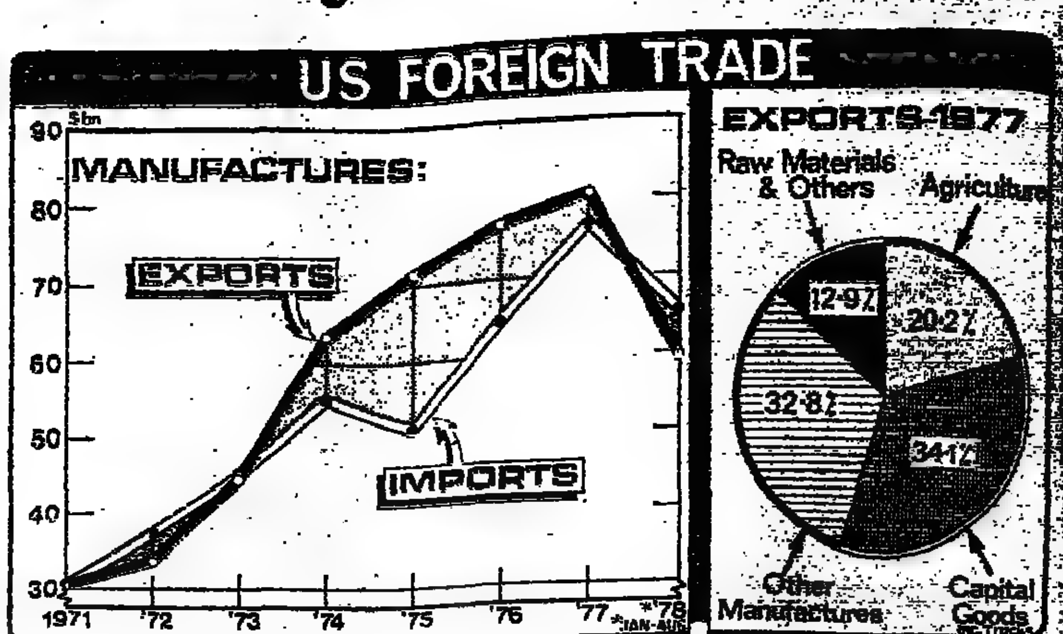
BY DAVID BUCHAN

The jumbo jets to soya beans syndrome

THE U.S. is trying to claw back lost shares in world export markets as a means of closing its yawning trade gap. The export promotion programme announced in September represents a departure from previous tactics which had concentrated upon reducing imports.

With an enormous home market, Americans have never been subject to the same pressures to export as smaller nations. Exports last year accounted for 6.4 per cent of the American gross national product, more than the 4.1 per cent in 1970, but still small. It has always been easier to sell to Tucson and Toledo than to Tokyo, and always will be. The attitude of President Carter, once a peanut farmer, was typical. Before unveiling his new export programme, Mr. Carter told some businessmen in the White House that he had considered selling peanuts to Venezuela, but in the event found the whole export business—government rules, unknown foreigners who might not speak English, exchange rates—too daunting.

Mr Carter has so far harped on the import side of the trade account, which in the first eight months of this year had a deficit of $21bn, compared with some $26bn in the whole of 1977. He termed the challenge to the US of reducing its energy imports "the moral equivalent of war," even though manufactured goods are now a bigger factor in the import bill than oil. No such priority was initially given to exports. But the new export programme, involving some $820m in additional government export credits, guarantees, and promotional efforts overseas, together with a review of U.S. laws that might hamper exporters, is at least a partial attempt to redress this.



No export growth

Part of the problem is cyclical and probably short term. The U.S. has for the past two years been growing faster than many of its trading partners, thus sucking in a disproportionate amount of imports with little or no export growth in return. This is now changing. Exports which in volume terms stagnated from 1975 to 1977 have been picking up since March. From January to August exports rose by 13 per cent in dollar terms above the levels of the same period of last year. Commerce Department economists expect the improvement to continue into next year, as the tempo of growth in other industrialised countries rises, and as the recent decline of the dollar on the foreign exchange markets works through into better price competivity for American exports in some markets.

For the past two years, U.S. exports have grown at roughly half the average pace of those of other industrial countries, with an inevitable loss of market share. Broadly speaking, one fifth of U.S. sales abroad consists of agricultural goods, two thirds of manufactured goods, and the rest of raw materials such as metals, minerals, and coal. Farm exports have been the success story over the past ten years, doubling in volume and quadrupling in dollar value. They are expected to chalk up a $13bn surplus this year. The fall in the international value of the dollar is unlikely to bring about much growth because American prices for agricultural goods tend to determine world prices.

In manufactured goods, there has been a dramatic deterioration in the past few years. A $20bn surplus in 1975 on net trade in these goods has turned into an expected $9.3bn deficit this year. In the first quarter of 1978 the U.S. share in manufactured exports from the 15 biggest industrial countries was down to 18.9 per cent, the lowest level since mid-1972.

Over half of U.S. manufactured exports are of capital goods broadly defined to include aircraft and computers as well as the more usual capital items of plant and heavy machinery. Thus, the U.S. is in many ways a soya bean to jumbo jet exporter, with sales concentrated at the top and bottom of the technological scale. The level of overseas demand for many of its products is very sensitive to price change.

The relatively overvalued dollar of the 1960s meant that only those exports where the U.S. had certain advantages unrelated to price, like wide prairies or high technology, sold well. Of course, foreign demand for the middle range of U.S. manufactured and consumer goods was and will be stimulated by the drop of the dollar. The Commerce Department's rule of thumb is that every 10 per cent improvement in U.S. price competitivity should bring a 13 per cent rise of export volume.

Some 20-23 per cent of U.S. exports go to the non-oil developing countries. Many of them have not only had to cut imports recently, but also frequently have currencies which are either informally pegged to the U.S. dollar or have depreciated even further than the dollar.

President Carter clearly has good reason to say that "our export problem has been building up for many years and we cannot expect dramatic improvement overnight." The cost of the new export promotion programme has been kept as low as possible. Mr. Carter has made a tight curb on public spending one of the main planks of his anti-inflation plans, and Mr. Robert Strauss, the U.S. Trade negotiator, also is adamant that the U.S. should eschew any direct export subsidies of the kind that it complains other countries operate.

Set against this there is the view held by the Commerce Department that the depreciation of the dollar paradoxically creates the need for more, not less, government support for exporters. That is so because the potential for winning markets abroad now exists, but it must be grasped. The department estimates that, while some 200-250 big companies account for 85 per cent of U.S. manufactured exports, there are some 20,000-30,000 U.S. companies which could be exporting, but have chosen not to.

What emerged was an increase of direct incentives—tiny in the total context of U.S. exports, but targeted towards smaller companies—and a promise to review the many recent U.S. laws and regulations that cramp the style of the bigger companies in the export field.

Some of the incentives announced with some fanfare were in fact already in the pipeline. The Export-Import Bank had already been promised an extra $500m in the 1979-80 fiscal year to bring its total loan authority up to $4.1bn. Mr. Carter has directed the bank to match more aggressively the terms offered by the credit agencies of competitor countries. His reference to almost doubling funds for the Commodity Credit Corporation, which provides credit for U.S. farm exports, was to a deed already done, rather than one in prospect.

The incentives that might be properly termed new were the earmarking of $100m of the Small Business Administration's funds for loan guarantees to small exporting companies, the introduction of a computerised marketing information system for exporters (which it will take three to five years to instal), and intensified commercial work by the State Department abroad and by the Commerce Department at home.

The effect of the review of domestic legislation that might inhibit exports may prove nebulous. The Administration now says that in deciding whether to ban exports to countries of whose human rights record or politics it does not approve, it will take into account whether the goods could be bought from other sources. If they can, the case for a ban is weakened. Controls on sales to the Soviet Union seem to have been relaxed recently, but that may have as much to do with the easing of political tensions with Moscow as with the new concern for exports.

American business feels it is losing custom in the Middle East because of the new legislation requiring it to refuse to comply with the Arab boycott of Israel. The Administration has not included this law in its promised review, but has promised to give clearer guidance on the Foreign Corrupt Practices Act. This law against bribery, introduced in the wake of the Lockheed and Northrop scandals, has apparently deterred many U.S. companies from hiring foreign agents, lest they be held responsible legally for their agents' deeds. The Justice Department appears to be dragging its feet. Officials there say that they are very averse to spelling out in advance "whom U.S. companies can bribe and whom they cannot."

The Administration is keen to point out that U.S. anti-trust laws do not prevent American companies getting together, in most cases, in a foreign joint venture or marketing operation. Mr. Carter has also promised to reduce environmental complications. Companies have to file elaborate and lengthy "environmental impact statements" before being allowed to export a surprisingly wide range of goods.

While welcoming these measures, the reaction of American business to the export programme has been less than enthusiastic, because it lacks what business regards as adequate tax incentives to export. Both the U.S. Chamber of Commerce and the National Association of Manufacturers have criticised as inadequate the Administration's tax relief proposals for expatriate Americans working overseas. They would also like to see some form of tax rebate on exported goods, perhaps in the way in which value added tax works in the European Community.

But the biggest disappointment is Mr. Carter's continued opposition to the tax deferral allowed to Domestic International Sales Corporations. These Discs are essentially paper companies set up by U.S. multinationals to hold their foreign earnings on which U.S. tax can be indefinitely deferred until that income is returned to the U.S. The tax deferral thus increases cash flow and working capital.

Incentives

Mr. Carter has strongly criticised Discs as costly and inefficient. The Treasury loses about $1.1bn in tax revenue a year, for only about $3bn in extra exports generated. The Administration claims that the Discs—some 10,000 of which have been set up since the early 1970s—are inefficient in that they only benefit those companies already exporting.

Mr. Carter has said he would look at alternative tax incentives, or indeed, because Congress supports the Disc system, consider a much scaled-down version of the present system. One alternative that was seriously mooted was a tax credit for exporters. It would be an immediate benefit to a small exporter in meeting the cost of opening an overseas sales office and the like. But Mr. Carter ruled it out because it too closely resembled an export subsidy and because it could be too easily abused.

BASE LENDING RATES

A.B.N. Bank	10 %	■ Hill Samuel	§10 %
Allied Irish Banks Ltd.	10 %	C. Hoare & Co.	†10 %
American Express Bk.	10 %	Julian S. Hodge	11 %
Amro Bank	10 %	Hongkong & Shanghai	10 %
A P Bank Ltd.	10 %	Industrial Bk. of Scot.	10 %
Henry Ansbacher	10 %	Keyser Ullmann	10 %
Banco de Bilbao	10 %	Knowsley & Co. Ltd.	12 %
Bank of Credit & Cmce.	10 %	Lloyds Bank	10 %
Bank of Cyprus	10 %	London Mercantile	10 %
Bank of N.S.W.	10 %	Edward Manson & Co.	11½%
Banque Belge Ltd.	10 %	Midland Bank	10 %
Banque du Rhone	10½%	■ Samuel Montagu	10 %
Barclays Bank	10 %	■ Morgan Grenfell	10 %
Barnett Christie Ltd.	11 %	National Westminster	10 %
Bremar Holdings Ltd.	11 %	Norwich General Trust	10 %
Brit. Bank of Mid. East	10 %	P. S. Refson & Co.	10 %
■ Brown Shipley	10 %	Rossminster	10 %
Canada Perm't Trust	10 %	Royal Bk. Canada Trust	10 %
Cayzer Ltd.	10 %	Schlesinger Limited	10 %
Cedar Holdings	10½%	E. S. Schwab	11½%
■ Charterhouse Japhet	10 %	Security Trust Co. Ltd.	11 %
Choulartons	10 %	Shenley Trust	11 %
C. E. Coates	10 %	Standard Chartered	10 %
Consolidated Credits	10 %	Trade Dev. Bank	10 %
Co-operative Bank	*10 %	Trustee Savings Bank	10 %
Corinthian Securities	10 %	Twentieth Century Bk.	11 %
Credit Lyonnais	10 %	United Bank of Kuwait	10 %
Duncan Lawrie	10 %	Whiteaway Laidlaw	10½%
The Cyprus Popular Bk.	10 %	Williams & Glyn's	10 %
Eagil Trust	10 %	Yorkshire Bank	10 %
English Transcont.	11 %		
First Nat. Fin. Corp.	11½%		
First Nat. Secs. Ltd.	11 %		
■ Antony Gibbs	10 %		
Greyhound Guaranty	10 %		
Grindlays Bank	‡10 %		
■ Guinness Mahon	10 %		
■ Hambros Bank	10 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7½%.
† 7-day deposits on sums of £10,000 and under 5½%, up to £25,000 7¾% and over £25,000 7¾%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7½%.

APPOINTMENTS

Managing Director

for a Midlands subsidiary of a leading British international engineering group. The company produces a diverse range of specialised high technology components for engineering equipment manufacturers. Sales, approaching £10m, are rising, with a significant proportion in exports.

• THE task is to plan and direct the future development and growth of the company in which a participative management style has evolved with good results. A contribution to the achievement of divisional objectives is expected.

• THE requirement is for a successful senior management record in a group-structured engineering company. A professional qualification, probably in engineering, together with a practical appreciation of financial and management accounts, is necessary.

• AGE range 35-42. Remuneration negotiable over £14,000 plus car.

Write in complete confidence
to C. A. Riley as adviser to the company.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET LONDON W1N 6DJ
and
12 CHARLOTTE SQUARE EDINBURGH EH2 4DN

Neutra Treuhand AG

the leading Swiss accounting firm, with offices in Belgium, France and Italy and associates throughout the world, requires a

CHARTERED ACCOUNTANT

who will be responsible for technical standards and training on a European-wide basis. The position, based in Switzerland, will involve the development of technical material, the organisation of training courses and quality control procedures and will also require some client responsibility. An interesting remuneration package is available for the person selected, who will have had a wide range of experience in public accounting at an international level and will require a good knowledge of German.

Send detailed curriculum vitae to:

Neutra Treuhand AG
Central Administration
P.O. Box 2893
CH-8023 Zurich/Switzerland

INVESTMENT VALUER

We are looking for an ambitious person in mid/late twenties to join our expanding Investment Department.

The successful candidate will have a professional qualification and/or a degree and have had experience of Investment or Valuation work.

Salary commensurate with ability and experience. Staff pension fund, opportunity to join the profit-sharing scheme.

Applications marked 'Private and Confidential' should be sent to the appointments partner.

Knight Frank & Rutley
KF + R
20 Hanover Square London W1R 0AH
Telephone 01-629 8171 Telex 265384

coffee trader

CONTINAF B.V. (Continentale en Afrikaanse Handels-vereniging)

Specialists in international cocoa and coffee trade

In connection with the extension of our activities we seek a

coffee trader

Preference shall be given to somebody especially experienced in Arabicas.

If the candidate is of great practical value and experience a stationing in New York or Paris can be contemplated.

Salary and fringe benefits will be in accordance with function and capacities.

We guarantee full discretion. In view hereof we request applicants to send their application to the "Laboratorium voor Toegepaste Psychologie" (L.T.P.), Vossiusstraat 54-55, Amsterdam, under nr. SA 1960.

Initial talks will be held outside the Company's premises.

LTP

DIRECTORS OF FINANCE & MARKETING

OIL INDUSTRY : CENTRAL LONDON

£13,000-£15,000, neg. - plus generous bonuses - plus car

A young company providing a range of vital and highly specialised oilfield services to the major North Sea operators, and winners of the Queen's Award to Industry for Export Achievement, is now poised for expansion — both geographically and in respect of operational diversification.

This British company has an important part to play in meeting the technical challenges facing the international petroleum industry and seeks to strengthen its management expertise at Board level by making two top appointments.—

DIRECTOR OF FINANCE

A Chartered Accountant with a minimum of five years experience in the oil industry or in a contract service industry. The successful applicant will be responsible for the Group's financial and commercial operations.

DIRECTOR OF MARKETING

Candidates should have at least five years proven international marketing experience in the oil industry (preferably oilfield services) or in a contract service industry. A relevant engineering qualification is desirable, together with membership of an appropriate professional institution. He will have the energy, drive and initiative necessary to promote and maintain the Group's growth potential in new overseas markets and to capture an increasing share of North Sea business.

Both remuneration packages will include a car and other benefits comensurate with these important appointments.

Please write with curriculum vitae to:—

JOHN TREWHELLA, Managing Director.
Exploration and Production Services (North Sea) Limited
140 Piccadilly, London, W1V 9FH

1977

EUROBONDS

A leading French bank is looking for the right candidate for its New Issue Syndication Department. Age 25-30. Mother tongue English with working knowledge of French. Position is Paris-based with attractive salary.

Write in complete confidence to Box A.6515, Financial Times, 10, Cannon Street, EC4P 4BY.

LEGAL NOTICES

No. [illegible] of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of JENGLADE LIMITED and in the Matter of the Companies Act 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 16th day of October 1978 presented to the said Court by Fairystep Shoes Limited of Melbourne, Nr. Derby, DE7 1FW, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice Strand London WC2A 2LL on the 20th day of November 1978 and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

JENKINS, DOGGETT & CO.,
22 Mulfords Hill,
Tadley,
Basingstoke,
Hants. RG26 6JQ.
Solicitors for the Petitioners

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 17th day of November 1978.

In the HIGH COURT OF JUSTICE (Chancery Division) Companies Court. In the Matters of.

No. 003299 of 1978
M. J. KEHOE CO LIMITED

No. 003301 of 1978
OLDFIELD BRICKWORK COMPANY LIMITED

No. 003304 of 1978
BLANDCOMBE LIMITED

No. 003310 of 1978
PLESANTHILL BUILDERS LIMITED

No. 003308 of 1978
GAVIN STAREY INDUSTRIAL COMMUNICATIONS LIMITED

No. 003309 of 1978
GIOTTO LIMITED

and in the Matter of the Companies Act 1948.

NOTICE IS HEREBY GIVEN that Petitions for the winding-up of the above-named Companies by the High Court of Justice were, on the 16th day of October 1978, presented to the said Court by the Commissioners of Customs and Excise of King's Beam House, 39-41 Mark Lane, London, EC3R 7HE, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 20th day of November 1978, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39-41 Mark Lane,
London, EC3R 7HE.
Solicitor to the Petitioners

NOTE.—Any person who intends to appear on the hearing of any of the said Petitions must serve on or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 17th day of November 1978

In the HIGH COURT OF JUSTICE (Chancery Division) Companies Court, in the Matters of

No. 003303 of 1978
ADVANCED LONDON DIVING SERVICES LIMITED

No. 003312 of 1978
SWAISLAND MATTHEWS LIMITED

No. 003305 of 1978
CAROL MARSHALL (ENTERPRISES) LIMITED

No. 003311 of 1978
RONALD ARLEN LIMITED

No. 003315 of 1978
THORPE BROS. (HEATING) LIMITED

and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN that Petitions for the winding-up of the above-named Companies by the High Court of Justice were, on the 16th day of October 1978, presented to the said Court by the Commissioners of Customs and Excise of King's Beam House, 39/41 Mark Lane, London, EC3R 7HE, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 20th day of November 1978, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39-41 Mark Lane,
London, EC3R 7HE.
Solicitor to the Petitioners

NOTE.—Any person who intends to appear on the hearing of any of the said Petitions must serve on or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 17th day of November 1978.

ART GALLERIES

BROWSE & DARBY, 19, Cork St., W.1. ANTHONY EYTON, Recent Paintings and Drawings.

FINE ART SOCIETY, 148, New Bond St., W.1. 01-629 5116. MAXWELL ARMFIELD.

FURNEAUX GALLERY of Wimbledon presents an exhibition of new paintings by PETER NEWCOMBE from Oct. 24 to Nov. 10 at the Alpine Gallery, 74, S. Audley Street, London, W.1. 10-30 to 5 daily (except Sats. & Suns.). Late opening to 8 pm each Tues. Tel. 029 2280.

GASTON PIERRE GALEY (1880-1959) Paintings at the Mall Galleries, The Mall, S.W.1. Mon.-Fri. 10-5, Sats. 10-1. Until Oct. 31. Adm. free.

J.P.L. FINE ARTS, 24, Davies Street, W.1. 01-493 2630. RAOUL DUFY, drawings, watercolours 1900-1950. Oct. 10-Dec. 8. Mon.-Fri. 10-6.

MALL GALLERIES, The Mall, S.W.1. Royal Institute of Oil Painters Annual Exhibition. Open Daily inc. Suns. 10-5. Until Nov. 2. Adm. 20p.

MANDELL'S GALLERY, Elm Hill, Norwich. Tel. (0603) 26592 & 29180. Annual Exhibition of Norwich School Paintings and Watercolours. Also works by 19th century Suffolk Artists. October 21st to November 18th. Daily 9 am to 5.30 pm. Catalogue £1.00 (U.K.). Proceeds to Guide Dogs for the Blind Association.

MARINE ARTISTS, Royal Society's Annual Exhn. at Guildhall, E.C.2. Mon.-Sat. 10-5. Until 1 pm Nov. 5. Adm. free.

SUSAN SWALE'S SALOME, Fieldbourne Galleries, 63, Queen's Grove, N.W.8. 586 3600.

CLUBS

EVE, 189, Regent Street, 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69, Dean Street, London, W.1. NEW STRIPTEASE FLOORSHOW "AS YOU LIKE IT". 11-3.30 am. Show at Midnight and 1am. Mon.-Fri. Closed Saturdays. 01-437 6455.

EXHIBITIONS

COMMONWEALTH INSTITUTE, Kensington High St., W.8 (602 3252). BOOKS FROM INDIA EXHIBITION. 650 books Indian publishers—literature, arts, history, biography, science and industry and children's books. 25 to 30 October. Adm. free.

COMPANY NOTICE

CITY OF VANCOUVER
$US 10,000,000 8¾% Bonds
1976/1988

Pursuant to the terms and conditions of the loan notice is hereby given to Bondholders that, during the twelve-month period ending September 29 1978, $US500,000 of such Bonds were purchased in satisfaction of the Purchase Fund.

Outstanding amount $US9,500,000.
Luxembourg, October 27, 1978

THE FISCAL AGENT.
KREDIETBANK
S.A. Luxembourgeoise.

COMPANY NOTICES

O.K. BAZAARS (1929) LIMITED
(Incorporated in the Republic of South Africa)

Notice to 6% Second Cumulative Preference Shareholders—Dividend No. 80

NOTICE IS HEREBY GIVEN that the half-yearly dividend of 3% has this day been declared payable on the 30th November, 1978, in the currency of the Republic of South Africa, to all holders of 6% Second Cumulative Preference Shares registered in the books of the Company at the close of business on the 10th November, 1978.

The usual non-resident shareholders tax of 15% will be deducted where applicable.

The Register of Members will be closed in Johannesburg and London from the 11th to 19th November, 1978, both dates inclusive, for the purpose of the above dividend.

By Order of the Board
J. B. PARNALL, Secretary

Registered Office:
O.K. Building,
80 Eloff Street,
Johannesburg 2001

London Registrars
Hill Samuel
Registrars Limited,
6 Greencoat Place
London SW1P 1PL

24th October, 1978

BARLOW RAND LIMITED
(Incorporated in the Republic of South Africa)

NOTICE OF MEETING
HOLDERS OF THE 7% UNSECURED NOTES 1975/84

NOTICE IS HEREBY GIVEN that a meeting of the holders of the above-mentioned notes will be held at 12.00 on Monday, 20 November 1978 in the Conference Room, 9th Floor, Barwing House, 29 de Beer Street, Braamfontein, Johannesburg for the purpose of considering and, if deemed fit, passing, with or without modification, the following resolution which will be proposed as an ordinary resolution of the holders of those notes —

"RESOLVED that this meeting of the holders of the 7% Unsecured Notes 1975/84 created by BARLOW RAND LIMITED in terms of a Deed dated 22 October 1969 as amended by addendum dated 25 September 1974 both signed by it and METROPOLITAN BOARD OF EXECUTORS LIMITED gives its consent to the convening of a general meeting of BARLOW RAND LIMITED to consider and, if deemed fit, to pass, with or without modification, a special resolution for the reduction of its share premium account by R27 968 565."

A circular containing the resolution has been despatched to all note-holders and copies are available from the undersigned on request.

For the purpose of determining noteholders entitled to attend and vote at the meeting, the transfer books and registers of noteholders will be closed from 13 November 1978 to 20 November 1978 both days inclusive.

By order of the Board,
W. C. Warriner
Group Secretary.
27th October 1978.

REGISTERED OFFICE:
Barlow Park
Katherine Street,
Sandton 2196
South Africa
(P.O. Box 78-2248,
Sandton 2146
South Africa.)

TRANSFER SECRETARIES.
Rand Registrars Limited,
2nd Floor,
Devonshire House,
49 Jorissen Street,
Braamfontein,
2001-South Africa,
(P.O. Box 31719,
Braamfontein
2017-South Africa)

UNITED KINGDOM REGISTRAR
Lloyds Bank Limited
Registrar's Department,
The Causeway
Goring-by-Sea,
Worthing
West Sussex BN12 6DA.
England.

BOND DRAWINGS

INDUSTRIAL DEVELOPMENT BANK OF ISRAEL LTD
7% Guaranteed Loan 1982

S. G. WARBURG & CO. LTD., announce that Bonds for the amount of U.S.$1,350,000 have been drawn in the presence of a Notary Public for the seventh redemption instalment due 28th November, 1978.

The numbers of the Bonds so drawn are as follows:—

1	10	21	32	43	53	64	79	90	101
110	121	132	143	153	164	179	190	201	210
221	232	243	253	264	279	290	301	310	321
332	343	353	364	379	390	401	410	421	432
443	453	464	479	490	501	510	521	532	543
553	564	579	590	601	610	621	632	643	653
664	679	690	701	710	721	732	743	753	764
779	790	801	810	821	832	843	853	864	879
890	901	910	921	932	943	953	964	979	990
1001	1010	1021	1032	1043	1053	1064	1079	1090	1101
1110	1121	1132	1143	1153	1164	1179	1190	1201	1210
1221	1232	1243	1253	1264	1279	1290	1301	1310	1321
1332	1343	1353	1364	1379	1390	1401	1410	1421	1432
1443	1453	1464	1479	1490	1501	1510	1521	1532	1543
1553	1564	1579	1590	1601	1610	1621	1632	1643	1653
1664	1679	1690	1701	1710	1721	1732	1743	1753	1764
1779	1790	1801	1810	1821	1832	1843	1853	1864	1879
1890	1901	1910	1921	1932	1943	1953	1964	1979	1990
2001	2010	2021	2032	2043	2053	2064	2079	2090	2101
2110	2121	2132	2143	2153	2164	2179	2190	2201	2210
2221	2232	2243	2253	2264	2279	2290	2301	2310	2321
2332	2343	2353	2364	2379	2390	2401	2410	2421	2432
2443	2453	2464	2479	2490	2501	2510	2521	2532	2543
2553	2564	2579	2590	2601	2610	2621	2632	2643	2653
2664	2679	2690	2701	2710	2721	2732	2743	2753	2764
2779	2790	2801	2810	2821	2832	2843	2853	2864	2879
2890	2901	2910	2921	2932	2943	2953	2964	2979	2990
3001	3010	3021	3032	3043	3053	3064	3079	3090	3101
3110	3121	3132	3143	3153	3164	3179	3190	3201	3210
3221	3232	3243	3253	3264	3279	3290	3301	3310	3321
3332	3343	3353	3364	3379	3390	3401	3410	3421	3432
3443	3453	3464	3479	3490	3501	3510	3521	3532	3543
3553	3564	3579	3590	3601	3610	3621	3632	3643	3653
3664	3679	3690	3701	3710	3721	3732	3743	3753	3764
3779	3790	3801	3810	3821	3832	3843	3853	3864	3879
3890	3901	3910	3921	3932	3943	3953	3964	3979	3990
4001	4010	4021	4032	4043	4053	4064	4079	4090	4101
4110	4121	4132	4143	4153	4164	4179	4190	4201	4210
4221	4232	4243	4253	4264	4279	4290	4301	4310	4321
4332	4343	4353	4364	4379	4390	4401	4410	4421	4432
4443	4453	4464	4479	4490	4501	4510	4521	4532	4543
4553	4564	4579	4590	4601	4610	4621	4632	4643	4653
4664	4679	4690	4701	4710	4721	4732	4743	4753	4764
4779	4790	4801	4810	4821	4832	4843	4853	4864	4879
4890	4901	4910	4921	4932	4943	4953	4964	4979	4990
5001	5010	5021	5032	5043	5053	5064	5079	5090	5101
5110	5121	5132	5143	5153	5164	5179	5190	5201	5210
5221	5232	5243	5253	5264	5279	5290	5301	5310	5321
5332	5343	5353	5364	5379	5390	5401	5410	5421	5432
5443	5453	5464	5479	5490	5501	5510	5521	5532	5543
5553	5564	5579	5590	5601	5610	5621	5632	5643	5653
5664	5679	5690	5701	5710	5721	5732	5743	5753	5764
5779	5790	5801	5810	5821	5832	5843	5853	5864	5879
5890	5901	5910	5921	5932	5943	5953	5964	5979	5990
6001	6010	6021	6032	6043	6053	6064	6079	6090	6101
6110	6121	6132	6143	6153	6164	6179	6190	6201	6210
6221	6232	6243	6253	6264	6279	6290	6301	6310	6321
6332	6343	6353	6364	6379	6390	6401	6410	6421	6432
6443	6453	6464	6479	6490	6501	6510	6521	6532	6543
6553	6564	6579	6590	6601	6610	6621	6632	6643	6653
6664	6679	6690	6701	6710	6721	6732	6743	6753	6764
6779	6790	6801	6810	6821	6832	6843	6853	6864	6879
6890	6901	6910	6921	6932	6943	6953	6964	6979	6990
7001	7010	7021	7032	7043	7053	7064	7079	7090	7101
7110	7121	7132	7143	7153	7164	7179	7190	7201	7210
7221	7232	7243	7253	7264	7279	7290	7301	7310	7321
7332	7343	7353	7364	7379	7390	7401	7410	7421	7432
7443	7453	7464	7479	7490	7501	7510	7521	7532	7543
7553	7564	7579	7590	7601	7610	7621	7632	7643	7653
7664	7679	7690	7701	7710	7721	7732	7743	7753	7764
7779	7790	7801	7810	7821	7832	7843	7853	7864	7879
7890	7901	7910	7921	7932	7943	7953	7964	7979	7990
8001	8010	8021	8032	8043	8053	8064	8079	8090	8101
8110	8121	8132	8143	8153	8164	8179	8190	8201	8210
8221	8232	8243	8253	8264	8279	8290	8301	8310	8321
8332	8343	8353	8364	8379	8390	8401	8410	8421	8432
8443	8453	8464	8479	8490	8501	8510	8521	8532	8543
8553	8564	8579	8590	8601	8610	8621	8632	8643	8653
8664	8679	8690	8701	8710	8721	8732	8743	8753	8764
8779	8790	8801	8810	8821	8832	8843	8853	8864	8879
8890	8901	8910	8921	8932	8943	8953	8964	8979	8990
9001	9010	9021	9032	9043	9053	9064	9079	9090	9101
9110	9121	9132	9143	9153	9164	9179	9190	9201	9210
9221	9232	9243	9253	9264	9279	9290	9301	9310	9321
9332	9343	9353	9364	9379	9390	9401	9410	9421	9432
9443	9453	9464	9479	9490	9501	9510	9521	9532	9543
9553	9564	9579	9590	9601	9610	9621	9632	9643	9653
9664	9679	9690	9701	9710	9721	9732	9743	9753	9764
9779	9790	9801	9810	9821	9832	9843	9853	9864	9879
9890	9901	9910	9921	9932	9943	9953	9964	9979	9990
10001	10010	10021	10032	10043	10053	10064	10079	10090	10101
10110	10121	10132	10143	10153	10164	10179	10190	10201	10210
10221	10232	10243	10253	10264	10279	10290	10301	10310	10321
10332	10343	10353	10364	10379	10390	10401	10410	10421	10432
10443	10453	10464	10479	10490	10501	10510	10521	10522	10543
10553	10564	10579	10590	10601	10610	10621	10632	10643	10653
10664	10679	10690	10701	10710	10721	10732	10743	10753	10764
10779	10790	10801	10810	10821	10832	10843	10853	10864	10879
10890	10901	10910	10921	10932	10943	10953	10964	10979	10990
11001	11010	11021	11032	11043	11053	11064	11079	11090	11101
11110	11121	11132	11143	11153	11164	11179	11190	11201	11210
11221	11232	11243	11253	11264	11279	11290	11301	11310	11321
11332	11343	11353	11364	11379	11390	11401	11410	11421	11432
11443	11453	11464	11479	11490	11501	11510	11521	11532	11543
11553	11564	11579	11590	11601	11610	11621	11632	11643	11653
11664	11679	11690	11701	11710	11721	11732	11743	11753	11764
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11890	11901	11910	11921	11932	11943	11953	11964	11979	11990
12001	12010	12021	12032	12043	12053	12064	12079	12090	12101
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12221	12232	12243	12253	12264	12279	12290	12301	12310	12321
12332	12343	12353	12364	12379	12390	12401	12410	12421	12432
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13001	13010	13021	13032	13043	13053	13064	13079	13090	13101
13110	13121	13132	13143	13153	13164	13179	13190	13201	13210
13221	13232	13243	13253	13264	13279	13290	13301	13310	13321
13332	13343	13353	13364	13379	13390	13401	13410	13421	13432
13443	13453	13464	13479	13490	13501	13510	13521	13532	13543
13553	13564	13579	13590	13601	13610	13621	13632	13643	13653
13664	13679	13690	13701	13710	13721	13732	13743	13753	13764
13779	13790	13801	13810	13821	13832	13843	13853	13864	13879
13890	13901	13910	13921	13932	13943	13953	13964	13979	13990
14001	14010	14021	14032	14043	14053	14064	14079	14090	14101
14110	14121	14132	14143	14153	14164	14179	14190	14201	14210
14221	14232	14243	14253	14264	14279	14290	14301	14310	14321
14332	14343	14353	14364	14379	14390	14401	14410	14421	14432
14443	14453	14464	14479	14490	14501	14510	14521	14532	14543
14553	14564	14579	14590	14601	14610	14621	14632	14643	14653
14664	14679	14690	14701	14710	14721	14732	14743	14753	14764
14779	14790	14801	14810	14821	14832	14843	14853	14864	14879
14890	14901	14910	14921	14932	14943	14953	14964	14979	14990

On 28th November, 1978 there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:-

S. G. WARBURG & CO. LTD.,
30, Gresham Street, London, EC2P 2EB.,

or with one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 28th November, 1978. Bonds so presented for payment must have attached all coupons maturing subsequent to 28th November, 1978.

The following Bonds previously drawn for redemption on the dates given below have not yet been presented for payment.

28th November, 1973
9766

28th November, 1974
14552

28th November, 1975
3547 3958 6203

28th November, 1976
2156 2499 13545 14845 14867

28th November, 1977
1735 2931 5291 6220 6991 10157 13535 13546 14070

30, Gresham Street, London, EC2P 2EB. 27th October, 1978

WORLD STOCK MARKETS

Wall St. dips early on interest rate worries

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—71½% (75%)
Effective $2.0700 36½% (36⅞%)

INTEREST RATE worries continued to depress stocks on Wall Street yesterday, but the trading volume was moderate.

By 1 pm the Dow Jones Industrial Average shed a further 5.97 to 824.24 and the NYSE All Common Index dipped 30 cents

Closing prices and market reports were not available for this edition.

to $53.84, while losses led gains by nearly a five-to-one majority. Volume totalled 19.66m shares.

Economists attending a Bond Conference predicted Prime Interest rates could rise as high as 10½ per cent by year-end. One suggested a 12 per cent Prime Rate by mid-1979.

Wednesday, Salomon Brothers partner Henry Kaufman said U.S. Credit Markets will soon see the "most dramatic increase" in interest rates of the current cycle. His remarks reversed a brisk Stock Market rally.

Meanwhile, the price of Gold again set record highs and the dollar continued to weaken.

Despite the record gold price, Gold shares weakened. Drugs were also lower but Petroleum and Metals issues were mixed to higher.

Kennecott Copper held unchanged—it narrowed its third-quater loss from the year earlier loss.

Boeing lost $2⅞ to $58⅞, despite orders for two 747 200C jets and options for six more 747s taken by Trans International Airlines. The value if all eight are delivered is about $550m.

Texaco eased $1 to $23¼—it reported lower third quarter profits.

Delta Airlines dropped $2 to $42½, although it reported higher first quarter net earnings and said it is evaluating a new aircraft.

Houdaille gave away $2¼ to $29⅞, after rising $11¼ Wednesday on news it agreed to be acquired for $40 a share.

Tenneco shed $⅞ to $31 on "flat" third quarter results.

Carrier raised its dividend but fell $1¼ to $23½.

Singer declined $1½ to $14⅞ on a sharp fall in third quarter profits and it said year net would "trail 1977's by 20 per cent."

Union Carbide topped the active list and eased $⅞ to $37½.

Active Time Inc. slipped $⅞ to $44½—the Federal Communications Commission deferred consideration of Time's proposed acquisition of American Television and Communications to a time when the parties have the option to cancel the deal.

Lane Bryant added $2¼ at $18⅝.

Fairchild Camera gained $1¼ to $31¼ on higher third quarter earnings and it said order rates "remain strong."

Digital Equipment, reporting higher fiscal first quarter net, tacked on $⅞ at $46⅞.

The American SE prices also declined sharply but in active trading. The Market Value Index lost 1.58 to 148.73 on a turnover of 2.57m shares.

Allied Artists Industries topped the active list, easing $¼ to $5—it began deliveries of its motion picture video cassettes to dealers.

Mite lost $1 to $16—it obtained approval to buy about 150,000 of its shares on the open market.

Canada

Markets continued to gain ground in fairly active noon trading with the Toronto Composite Index up a further 6.9 to 1238.7.

The Metals and Minerals Index put on 11.4 to 1093.4, Golds 11.2 to 1579.2, Utilities 1.30 to 185.94, Banks 0.69 to 294.23 and Papers 0.25 to 145.73. Only Oils and Gas, off 3.9 to 1535.7, moved against the general trend.

Inco 'A', the most active Industrial, rose $¼ to $19¼. **Canadian Pacific** gained $¼ to $22¼ and **Molson 'A'** $¼ to $22.

Grafton Group were off $1½ to $31¼ on light volume—it said it bought 53 per cent of Weiner Corporation and plans A$23.50 a share offer for the remainder.

Bell Canada were up $¼ to $59¼ on higher nine months earnings.

Noreen, up $¼ to $16¼, said a well in which it has a 50 per cent interest, flowed with high gravity crude oil.

Noranda Mine rose $¼ to $34⅞.

Milan

Generally firmer in quiet trading.

Bastogi and **Montedison** opened firmer after Wednesday's announcement that Bastogi has sold its right to participate in Montedison's capital increase. Montedison, however, closed marginally lower.

Treasury Bonds gained ground.

Australia

Markets eased in generally subdued trading on continued concern over the U.S. dollar.

The rise in Gold prices boosted Gold shares, however, with **Central Norseman** gaining 25 cents to A$14.75, **GMK** 2 cents to 92 cents and **Emperor** 2 cents to 42 cents.

CRA fell 12 cents to A$3.20 offered and **North BH** shed 3 cents to A$1.36.

Pancontinental lost 70 cents to A$10.90 and **MIM** 5 cents to A$2.31.

BHP lost 16 cents to A$8.10 and **Bank of NSW** 12 cents to A$7.68, while **AGC** fell 3 cents to A$1.62 following its annual results.

Ampol Exploration shed 1 cent to A$1.35, despite increased profits.

Germany

Share prices firmed in lively trading primarily in a technical reaction to recent weaker levels.

In Engineerings, **KHD** rose DM 5. In Banks, **Bayern Hypo** put on DM 5, **BHF Bank** DM 4 and **Bayerische Vereinsbank** DM 2.50.

Among Chemicals, **BASF** was DM 1.20 higher. In Motors, **Daimler** gained DM 3.50 while, in Electricals, **BBC** advanced DM 8.50.

The Domestic Bond Market was relatively quiet, with losses of up to 20 pfennigs in Public Authority issues outweighing gains of up to 20 pfennigs.

The recent DM 550m Federal Railways Issue was reported to be encountering little difficulty in being fully placed, while the Regulating Authorities sold a nominal DM 4.3m worth of stock after balanced sales and purchases on Wednesday.

Mark Foreign Loans eased further.

Amsterdam

Prices generally weakened following the further fall of the dollar, led by **Hoogovens** and **Akzo** off Fls 0.80 and Fls 0.70 respectively.

HVA lost almost Fls 10 on its Fls 4m first half year operating loss and the announcement Volker is not considering a full bid for HVA. **KLM** dipped Fls 3.20 to 143.8 ahead of its second quarter and first half year results.

Weak shares included **Van Ommeren**, off Fls 6, **Heineken**, off Fls 2.3, and **Oce Van der Grinten**, off Fls 3.5. **Amfas** were among isolated higher issues.

State Loans were lower.

Tokyo

Slightly higher in mixed trading after late liquidations pared initial gains. Volume 470m shares.

Many shares rose in early trading, led by Real Estates, Fisheries, Oils and Cotton Spinners, but Export Oriented Electricals, Vehicles and Cameras fell on the yen's rise. **Matsushita Electric** fell Y5 to 746, **Toyota Motor** Y6 to 845 and **Olympus** Y12 to 663.

Oils and Flour Millings benefitted from the higher yen, with **Nippon Oil** gaining Y5 to 681, **Toa Nenryo** Y7 to 625 and **Showa Sangyo** Y52 to 345.

Elsewhere **Nissen Spinning** put on Y15 to 625 and **Toyobo** Y3 to 131, while some Public Works issues, Foods, Chemicals and Steels also improved on buying by Institutional investors.

Hong Kong

The market closed mixed with a slightly firmer bias and the Hang Seng Index up 1.38 to 671.73.

Hong Kong Land fell 20 cents to $HK 12.10. **Hongkong Bank** and **Jardine Matheson** 10 cents each to 20.50 and 17.20 respectively, while **Hutchison Whampoa** rose 10 cents to 6.50.

China Light rose 50 cents to 33.0, but **Hong Kong Wharf** fell 75 cents to 38.50, and **Cheung Kong** and **Hong Kong Hotels** 20 cents each to 14.30 and 24.0 respectively.

Switzerland

Share prices closed mixed in very quiet monthly Settlement Day trading.

Credit Suisse eased Frs 13 to 2165 among leading banks. **Forbo "A"** also eased, as did **Inter-Pan Holding** and **Oerlikon-Buehrle** bearer in financials.

Among otherwise little changed Insurances, **Winterthur** bearer lost more ground.

Domestic and Foreign Loans were slightly lower in moderate activity.

On the Foreign sector, dollar stocks generally fell slightly below New York overnight closing levels.

Dutch shares were steady, French stocks continued slightly firmer, while Germans were irregular.

Indices

NEW YORK—DOW JONES

	Oct. 25	Oct. 24	Oct. 23	Oct. 20	Oct. 19	Oct. 18	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials●	830.21	832.55	838.66	838.01	846.41	859.87	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	87.51	87.51	87.64	87.71	98.72	87.86	90.88 (4/1)	86.73 (11/7)	—	—
Transport	221.81	222.54	224.75	223.86	229.67	232.71	261.46 (8/9)	199.31 (9/1)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	101.88	101.79	102.17	102.30	106.88	104.52	110.98 (3/1)	101.79 (26/10)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	31,580	28,880	36,030	45,670	51,650	44,140	—	—	—	—

* Basis of Index changed from Aug. 24 ● Day's high 849.86 low 822.28

	Oct. 20	Oct. 13	Sept. 29	(Year ago approx)
Ind. div. yield %	5.67	6.92	5.48	5.49

STANDARD AND POORS

	Oct. 25	Oct. 24	Oct. 23	Oct. 20	Oct. 19	Oct. 18	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	107.92	108.08	108.91	108.68	110.67	111.67	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
Composite	97.51	97.49	98.18	97.95	99.55	100.49	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	Oct. 18	Oct. 11	Oct. 4	Year ago (approx.)
Ind div. yield %	4.93	4.69	4.79	4.84
Ind. P/E Ratio	9.34	9.81	9.09	9.12
Long Gov. Bond yield	8.63	8.68	8.64	7.76

N.Y.S.E. ALL COMMON

Oct. 25	Oct. 24	Oct. 23	Oct. 20	1978 High	1978 Low
54.54	55.71	54.79	54.76	60.38 (11/9)	48.37 (6/3)

Rises and Falls

	Oct. 25	Oct. 24	Oct. 23
Issues traded	1,869	1,895	1,932
Rises	625	650	602
Falls	852	849	1,070
Unchanged	394	396	360
New Highs	—	—	—
New Lows	—	—	—

MONTREAL

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
● DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ♭ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. △ Interim since increased.

GERMANY ♦

Oct. 26	Price Dm.	+ or —	Div. %	Yld. %
AEG	85.7	−0.3	—	—
Allianz Versich.	493	−5	31.2	3.2
BMW	225.5	.....	28.06	6.3
BASF	137.3	+1.2	18.75	6.8
Bayer	142.1	+1.0	18.75	6.6
Bayer-Hypo	316.0	+5	28.12	4.5
Bayer-Vereinsbk.	322.5xr	+2.5	18	2.8
Ciba-Geigy Nat.wrt.	169	.....	—	—
Commerzbank	231.3	+0.2	26.56	5.7
Conti Gummi	70	.....	—	—
Daimler-Benz	347	+5.5	28.12	4.2
Degussa	264	+4	17	3.4
Demag	180	−0.7	11	3.1
Deutsche Bank	311	−0.4	28.12	4.6
Dresdner Bank	249	−0.5	28.12	5.6
Dyckerhoff Zemt.	185	+1.5	9.38	2.6
Gutehoffnung	259.5	+2.5	12	2.5
Hapag Lloyd	103	+2	14.04	6.8
Harpener	160.5	+1.5	18.75	10.5
Hoechst	138	+0.8	18.75	6.8
Hoesch	49.7	−0.3	—	—
Horten	162	−5	9.36	2.9
Kali und Salz	148.5	−1.5	14.04	4.7
Karstadt	329.5	+0.5	23.44	3.6
Kaufhof	252.8	−5.8	18.72	3.7
Klockner DM100	95	+1.5	—	—
KHD	200.5	+5	18.76	4.8
Krupp	110.5	−0.5	—	—
Linde	284.5	−1	25	4.4
Lowenbrau 100	1,570	−10	25	8.0
Lufthansa	97.8	+1.5	9.38	4.8
MAN	224.5	−0.5	12	2.7
Mannesmann	179.5	+1.5	18.18	4.8
Metallges	252	+1.5	10	2.0
Munchener Rlck.	640	+10	18	1.3
Neckermann	168.5	+1	—	—
Preussag DM 100	148.5	+1.5	—	—
Rhein West. Elec.	181.5	−0.5	25	6.8
Schering	274.0	.....	28.12	5.1
Siemens	301.2	−0.1	25	4.2
Sud Zucker	266	.....	25.84	5.0
Thyssen A.G.	120	.....	17.18	7.2
Varta	188	−0.5	17.18	4.5
VEBA	130.3	−0.2	9.38	3.6
Vereins & West Bk.	298	−1	18	3.0
Volkswagen	241.0	+1	25	5.2

TOKYO ¶

Oct. 26	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	340	−2	14	2.0
Canon	426	−2	12	1.4
Casio	859	−19	25	1.5
Chinon	381	+1	20	2.6
Dai Nippon Print	593	+3	18	1.5
Fuji Photo	530	−10	15	1.4
Hitachi	222	−2	12	2.8
Honda Motors	467	−2	18	1.9
House Food	1,160	+20	35	1.5
C. Itoh	242	−5	12	2.5
Ito-Yokado	1,790	−20	30	0.8
Jaccs	750	.....	15	1.7
J.A.L.	2,910	.....	—	—
Kansai Elect. Pw.	1,150	+10	10	0.4
Komatsu	370	−2	18	2.4
Kubota	289	+4	15	2.6
Kyoto-Ceramic	3,350	.....	35	0.5
Matsushita Ind.	746	−5	20	1.3
Mitsubishi Bank	281	.....	10	1.8
Mitsubishi Heavy	122	+1	12	5.0
Mitsubishi Corp.	428	−2	13	1.5
Mitsui & Co.	296	.....	14	2.3
Mitsukoshi	578	−2	20	1.7
Nippon Denso	1,600	.....	15	0.5
Nippon Shinpan	763	−10	12	0.8
Nissan Motors	657	.....	16	1.2
Pioneer	1,380	.....	48	1.7
Sanyo Electric	247	.....	12	2.4
Sekisui Prefab	926	−3	30	1.6
Shiseido	1,310	−10	20	0.8
Sony	1,670	−10	40	1.4
Taisho Marine	267	+1	11	2.5
Takeda Chemical	449	−6	15	1.7
TDK	1,980	.....	30	0.7
Teijin	121	+1	10	4.1
Tokyo Marine	500	−2	11	1.1
Tokyo Elect Pow'r	1,040	−10	8	3.8
Tokyo Sanyo	326	.....	12	1.8
Toray	147	+1	10	3.4
Toshiba Corp.	128	−1	10	3.9
Toyota Motor	845	−6	20	1.2

Source Nikko Securities, Tokyo

BRUSSELS/LUXEMBOURG

Oct. 26	Price Frs.	+ or —	Div. Frs. Net	Yld. %
Arbed	2,230	+10	—	—
Bekaert "B"	2,585	+5	116	4.5
C.B.R. Cement	1,198	.....	100	8.3
Cockerill	410	−10	—	—
EBES	2,325	−5	177	7.6
Electrobel	6,740	+10	430	6.4
Fabrique Nat.	2,950	−10	170	5.8
G.B. Inno-Bm.	2,450	.....	150	6.1
Gevaert	1,354	.....	85	6.4
GBL (Brux L.)	1,580	+10	90	5.7
Hoboken	2,620	−15	170	6.5
Intercom	1,850	−10	142	7.7
Kredietbank	7,150	−40	290	4.0
La Royale Belge	6,100	.....	325	5.3
Pan Holdings	2,950	.....	82.36	2.6
Petrofina	3,290	+20	180	5.5

AMSTERDAM

Oct. 26	Price Fls.	+ or —	Div. %	Yld. %
Ahold (Fl. 20)	110.7	−1.3	28	5.0
Akzo (Fl. 20)	28.1	−0.7	—	—
Algem Bnk (Fl. 100)	360	.....	A25	7.9
AMEV (Fl. 10)	84.3	−0.8	60	5.9
Amrobank (Fl. 20)	74.5	−0.2	A23	6.0
Bijenkorf	91.7	−0.8	26	5.7
Boka Westm (Fl. 10)	126	−2.5	82	5.6
Buhrm Tetterode	71	+0.5	26	7.3
Elsevier (Fl. 20)	293	.....	27.5	1.9
Ennia N.V. Bearer	138.2	.....	37.5	5.4
EurComTst (Fl. 10)	71.5	.....	94.5	4.9

EUROPEAN OPTIONS EXCHANGE

Series		Jan. Vol.	Jan. Last	Apr. Vol.	Apr. Last	July Vol.	July Last	Stock
ABN	F.380	—	—	10	10	—	—	F.360
AKZ	F.27.50	10	1.90	8	4	—	—	F.28.30
AKZ	F.30	5	1.50	72	3.10	60	3.60	..
AKZ	F.32.50	59	1	70	2.10	38	2.70	..
AKZ	F.35	—	—	30	1.20	20	2.10	..
ARB	F.73.90	18	3.80	—	—	—	—	F.74.50
EK	$50	6	9½	—	—	—	—	$59⅛
EK	$60	15	3	7	5	5	6	..
EK	$70	22	¼	3	2	—	—	..
HO	F.37.50	10	2.50	16	4.50	—	—	F.36.50
HO	F.40	20	1.60	7	3	1	4.70	..
HO	F.45	10	0.90	126	2.10	—	—	..
IBM	$260	1	20⅝	—	—	—	—	$274
IBM	$300	11	4⅛	3	8½	2	11¾	
KLM	F.133.30	6	14	—	—	—	—	F.139
KLM	F.142.90	47	8.80	—	—	—	—	..
KLM	F.150	27	5	22	10.50	—	—	..
KLM	F.152.40	21	5.50	—	—	—	—	..
KLM	F.160	83	3.10	133	7.50	—	—	..
KLM	F.161.90	40	3.80	—	—	—	—	..
KLM	F.170	196	1.90	34	5.50	4	9.50	..
KLM	F.171.40	29	1.90	—	—	—	—	..
KLM	F.181	96	1.50	—	—	—	—	..
KLM	F.190.50	175	0.90	—	—	—	—	..
KLM	F.209.50	20	0.30	—	—	—	—	..
NN	F.108.90	2	5	—	—	—	—	F.106.10
NN	F.120	—	—	5	4	5	7	..
PHI	F22.50	74	3.70	—	—	—	—	F.24.80
PHI	F.25	37	1.60	78	2.80	40	3.40	..
PHI	F.27.50	25	0.80	84	1.80	34	2.40	..
PHI	F.30	105	0.40	42	0.90	60	1.40	..
PRD	$50	2	3⅝	—	—	—	—	$48½
PRD	$60	—	—	10	2	—	—	
RD	F.120	12	5.70	13	9	5	12	F.123.20
RD	F.130	59	1.80	28	4	—	—	..
RD	F.140	34	0.60	5	1.40	—	—	..
S	$20	—	—	1	3¾	—	—	$21¾
UNI	F.110	5	7	—	—	—	—	F.116
UNI	F.120	5	2.80	1	3.50	—	—	..
UNI	F.130	23	0.80	5	2	—	—	..
		Nov.		Feb.		Mar.		
BA	$50	—	—	2	12	—	—	$59⅜
BA	$60	—	—	1	5⅛	—	—	..
BA	$70	—	—	6	2⅞	10	4¾	..
TOTAL VOLUME IN CONTRACTS						2444		

صورة عن الأصل

FOOD PRICE MOVEMENTS

	October 26 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,115	1,115	1,115
British A.1 per ton	1,085	1,085	1,085
Irish Special per ton	1,010	1,010	990
Ulster A.1 per ton§	1,050	1,050	1,030
BUTTER			
NZ per 20 kg	12.59/12.72	12.59/12.72	12.59/12.72
English per cwt†	77.61/79.15	77.61/78.02	78.02
Danish salted per cwt†	78.98/81.87	78.98/81.72	78.98/81.72
CHEESE§			
NZ per tonne	1,161.50	1,161.50	1,161.50
English cheddar trade per tonne	1,309.77	1,345	1,275
EGGS*			
Home-produced:			
Size 4	2.50/2.70	2.65/2.80	2.65/2.80
Size 2	3.00/3.30	3.10/3.40	3.10/3.40
	October 26 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	54.0/57.0	53.0/57.0	54.0/58.0
Eire forequarters	37.0/38.0	35.0/38.0	35.0/38.0
LAMB			
English	52.0/56.0	52.0/56.0	52.0/56.0
NZ PLs/PMs	—	—	—
PORK (all weights)	37.0/46.0	36.0/46.0	37.0/46.0
POULTRY—Broiler chickens	36.0/38.0	36.0/38.5	36.0/39.0

** London Egg Exchange price per 120 eggs. † Delivered.*
‡ Unavailable. § For delivery October 28-November 4.

Copper supply contract changes planned

OUR COMMODITIES STAFF

...ER EXPORTERS are to ... the terms of next year's contracts with consumers, ...ter-governmental Council ...pper Exporting Countries ...) announced in Paris yes... after a two-day Ministerial ...g.

Sacha Gueronik, the ...ry-general said 1979 con... would be based either on ...nthly average of the ... Metal Exchange wirebar ...or the daily price, plus a ...im.

Gueronik said that each ...er country could decide ... method to use. Although ...t prices would rise, the ...es would therefore vary ...ing to the producer.

...adoption of a monthly ...e price as a basis for con... would effectively rule out ...pricing" by which the ...ser fixes the buying price ... LME quotation of the day ... delivery.

...re prices were set by the premium over daily LME levels, however, backpricing could still occur.

Mr Gueronik forecast that the deficit of world refined copper output over consumption would fall next year to about 100,000 tonnes compared with between 200,000 and 300,000 this year. Extra production capacity was due to come on stream, notably in Iran.

All Cipec countries were producing what they could and the 1979 forecast assumed no voluntary action to cut output, he added.

Meanwhile in Santiago, Colonel Gaston Frez, president of the state-owned copper corporation, Codelco-Chile, said it planned to abandon next year the "backpricing" concession in contracts which enabled consumers to choose the most favourable date on which to "price" their deliveries under supply contracts.

In an interview with Reuter, Colonel Frez said Codelco-Chile would market cathodes at a £6 a tonne discount to wirebars, since this figure was exactly the difference in the cost of production.

News of the Cipec plans came after the London Metal Exchange closed yesterday, but the move to establish premiums for producer copper has been widely expected.

Several more zinc producers confirmed yesterday that they were raising their official base prices from $675 to $720 a tonne. This follows the increase announced by the Belgian producer, Vielle Montagne, earlier this week, which the company said reflected the decline in the value of the dollar against other currencies.

Zinc values on the London Metal Exchange rose in early trading, but fell back later on profit-taking to close slightly lower.

Nickersons bids for Farm Seeds

By Our Commodities Editor

THE BOARD of Farm Seeds, a Norfolk-based cereal seed producer, is backing a take-over bid from Nickersons, the Shell group subsidiary.

In a statement the board claims that the financial backing of a big group will help accelerate the company's present expansion programme. Categorical assurances had been given that Farm Seeds could continue to operate as a fully independent business. Accordingly they were recommending acceptance of the Nickerson offer to shareholders.

The shareholders are the Nickerson Family Trust, funded by money received by the trustees not the Nickerson group, and John Powling, a former chairman of Farm Seeds, who left the company sometime ago to set up his own business.

Farm Seeds claims to be Britain's largest wholesaler of "as grown" cereal seeds—that is natural, untreated seeds which it sells to processors, wholesalers, merchants and retailers, who then resell it.

The company describes itself as the nation's reservoir of seeds, which it has grown by farmers all over the country. It also claims to be the largest independent marketer of new seed varieties.

Competition has become very fierce in the seed trade in recent years as a result of merchants over-contracting with farmers.

Nickersons are the largest independent seed producers in Britain, with a powerful sales force. They are expanding worldwide, but the take-over of Farm Seeds will obviously strengthen considerably their position in the British market.

UK HARVEST

No rush to sell grain

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

AFTER THIS year's record UK harvest, the main grain traders have been left mystified by the comparative firmness of the market and the refusal of farmers to start pressing sales.

The argument is that, if the harvest really did amount to 17.8m tonnes—the latest Ministry estimate—there could be a surplus of at least 2m tonnes of barley for export or intervention, or perhaps even more.

In the event no more than than about 500 tonnes has gone to intervention so far, while exporting, which took 2m tonnes last year, has declined to a trickle from East Coast ports. This is in spite of an increase in the level of export restitutions from £36 per tonne last October to £47 today.

In addition the price of barley on the markets is above the estimated on-farm intervention price —and the situation is the same in Europe, particularly France, where according to all reports there has been a record crop.

The latest explanation as far as Britain is concerned is that farmers are too busy sowing next year's crops to bother about selling from their stores. Once the pressure of autumn work is over, therefore, sales should recommence and prices fall to around the at-farm intervention levels for barley.

Wheat is rather a different matter, and although it shares a common intervention price with barley, it is governed by a completely different set of factors.

Feed wheat can replace maize in animal feed, and no maize can be imported at less than about £100 per tonne.

Prices are about £84 for feed wheat and from £90 upwards for milling qualities. The intervention price for both feed wheat and barley for October is £78.95 per tonne and rises to £85.31 by May.

World record

The present state of the forward market for feed/barley is still quite strong, with an average quotation for February onwards of £83.90 ex-farm.

This is slightly above the month's intervention price on a delivered basis and, in the view of traders I have spoken to, unrealistically high.

Their bearish view is supported by a number of factors, which it is claimed have been insufficiently taken into account. The most important is probably that the world is enjoying its biggest-ever harvest, in spite of the U.S. set-aside programme to reduce plantings. In particular Russia and Eastern Europe are unlikely to need anything like as much in imports as last year. It is probable that world demand, including that for food aid, has been materially reduced.

In consequence competing on world markets will cost the EEC a great deal of money in export restitutions and could well upset the continuing negotiations for both a new International Wheat Agreement and a successful conclusion of the Geneva trade talks.

The impact on feed grain usage of cereal substitutes has become a serious factor not only on the Continent, but in Britain as well. Imports of manioc to the Community of 5m tonnes this year are being supplemented by other materials which come in at low, or nil, rates of duty.

These materials are not so far believed to be entering the UK in massive quantities. Nevertheless their presence is a bearish influence on the market and their use will inevitably grow as the factors encouraging their importation develop. Apart from these imports there are large supplies of sugar beet pulp from this season's bigger British crop.

Although the compound trade is fairly active, there does not seem much likelihood of an increase in sales. Livestock numbers are at a fairly low level. Although the pig herd is showing some signs of expansion from the low point reached last June, there is a long way to go before it will make a significant impact on supplies available from this year's harvest.

With this weight of bearish evidence to depress barley prices, the trade says that farmers should accept a realistic pricing policy. Some traders have said this ever since I first became involved in the grain business, 45 years ago. Like me, most farmers have heard it all before.

Green pound

There are one or two points which could change the outlook, though. For a start, the harvest may not have been quite so good as everyone has been claiming. It was certainly first class in the South of England, but in the more northerly areas of Scotland it is far from the same story. There is always a big difference between euphoric claims at harvest time and the actual result some months later.

There is also the prospect of a Green Pound devaluation, perhaps as part of joining the European Monetary System. Not many farmers realise this could happen, but it is believed that shippers are well aware of this. It is also a factor in maintaining French prices.

Farmers are also far from being weak sellers this time. Interest rates are reasonable by modern standards and most farmers have a reasonable cash flow as a result of stock appreciation relief.

The collapse, if it comes, will be later rather than sooner.

UK apple marketing attacked

OUR COMMODITIES STAFF

...APPLE and Pear Development Council plans to call a ... meeting to investigate ...marketing disaster that ...t a price collapse for UK ... in September and October.

...council, which promotes ...nterests of UK apple ...s, proposes to bring to... industry representatives, ...rowers to consumers, and ...nistry of Agriculture, to ...at can be done to avoid a ...ion of this year's experi...

...is particularly concerned ...K growers may be open... door to greater imports, ...larly from France.

...R. M. Older, chairman of ...uncil, attacked the activi... some growers in market... small size, poor quality, ...re, ungraded, badly pre... fruit."

...king at the Morden Fruit ...e said it was no wonder ...he well packed and care... graded imported produce ...ight the housewife's eye." ...med that wholesalers and ...s were equally to blame ...dling such poor quality ... fruit.

...ers were now finding that ...ticipated bumper crop of ... apples, particularly Cox, ...out 20 per cent less than ...riginal estimate.

...e would thus be a limit to ...antity of good-size UK ...vailable and it should be marketed so as to raise the price at the top end of the market.

The council calculates that the Cox crop this year will be 114,600 tonnes. This compares with a forecast of 143,200 tonnes made in June.

Growers are reported to have panicked in September, flooding the market with quantities of small-size poor quality apples that no one wanted. Demand for apples was also hit then by the heavy domestically-grown "back garden" crop that householders often found difficulty in giving away.

When growers found sales sluggish, they poured further quantities onto the market in the belief that they would have bumper crops to dispose of and so created a log-jam of surpluses.

In fact, according to the council, cold wet weather after excellent pollinating resulted in a heavy percentage of small-size apples.

French ban sheep imports

BY JOHN CHERRINGTON

THE FRENCH sheep market has been closed to imports from the UK since October 16 and looks like remaining closed for at least another two weeks.

The closure was the result of the average French market price falling below the threshold figure of FFr 18.55 a kilogramme. Imports will not be allowed unless the average price exceeds the threshold for two successive weeks.

The market was closed for three weeks during July and August. The present closure has been due to a general slackening in meat prices in France.

The closure does not seem to have reduced UK prices much. After an initial fall, prices recovered and have been confined to a level of 131-134 pence per kilo in the sample markets.

This seems to indicate that closure of the French market does not have the calamitous effect on prices which it used to have. Traders have found other export markets, some of which lead to France, and the overall export of sheepmeat still continues.

The French Government is before the European Court at present for persisting with this system of defending its sheep producers. The case is hardly being pursued energetically, however, as the main objectors—the Irish—now have free entry to the French market for their lambs.

Eggs dearer next week

By Our Commodities Staff

A RISE of 4p a dozen on all grades of eggs was announced yesterday by the Goldenlay marketing consortium. The increases will affect prices in the shops next week.

The consortium said that the rise was the result of increased demand and a reduction in flocks due to the recent very low prices. Consumption of eggs normally rises too at this time of year, when the weather becomes colder.

Goldenlay said that egg producers would still be suffering severe losses, with prices well below the break-even cost of production.

The rise only took prices back to the level they were at a few weeks ago before sharp cuts were made to help clear a big surplus.

World wheat record forecast

BY RICHARD MOONEY

THE INTERNATIONAL Wheat Council expects this year's world wheat harvest to reach a record level. Following higher-than-expected yields in some Northern Hemisphere countries, the council has raised its world crop estimate by 10m tonnes to 420m tonnes. This would beat the 1976 record by 2.7m tonnes and is well above last year's 385m tonnes crop.

But the council warned that the new estimate should be interpreted with caution, in view of the preliminary nature of some estimates, particularly those of the USSR, Argentina and Australia.

The USSR harvest is now put at 110m tonnes, 18m above last year and 5m more than the estimate published on September 11. EEC production of soft and durum wheat is now estimated at 46.8m tonnes compared with 44m last month. Statistics Canada now estimates the Canadian crop at 20.7m tonnes, 700,000 higher than last month, while the U.S. Department of Agriculture has cut its estimate of the U.S. yield by 1.1m tonnes to 48.4m.

The council's estimates also takes into account an expected increase in the Australian wheat crop. In its last report Australian production for this year was put at 11.5m tonnes, but the Australian Bureau of Agricultural Economics has since forecast that production will reach 13.8m tonnes.

World trade in wheat is now estimated at 69.5m tonnes, 500,000 more than in the council's previous report. This compares with 72.1m tonnes last year. The upward revision is attributed to increased requirements in Eastern Europe, Finland and Mexico.

Carryover stocks in the five main exporting countries are now estimated at 56.5m tonnes compared with the 58m tonnes forecast last month and 53.7m at the end of the last crop year.

World stocks of wheat—excluding China and the Soviet Union—could reach 83m tonnes compared with 80m at the end of the last season.

The Council predicts world coarse grain production will total 720m tonnes against 695m last season. U.S. production is put at a record 210m tonnes, Canada's at 201m and the USSR's at 100m.

In Washington, meanwhile, Mr. Bob Bergland, the U.S. Agriculture Secretary, said the 1979 feedgrain set-aside programme, expected to be announced this week, will not be inflationary over the next 12 months reports Reuter.

He later told reporters that six main options have been sent to the President, with most proposals ranging between a ten per cent set-aside and a 15 per cent set-aside and ten per cent diversion.

Smaller rise in Irish farm incomes

IRISH FARMERS' incomes are continuing to surge ahead, but at a slower pace than last year.

According to the chief economist of Dublin's Agricultural Institute, there should be a net increase in family farm income this year of 17-18 per cent.

This would translate into a net increase of just more than 10 per cent over the next year. In terms of volume the gross increase should be 6 per cent.

Observers point out that this is slightly above the average for EEC countries, even though it is down from last year's 11 per cent rise.

Overall farm incomes increased by nearly 34 per cent last year, but it was an exceptional year. The large increase represented an element of recovery from the poor 12 months of 1976, when light rainfall meant a short pasture season.

...MMODITY MARKET REPORTS AND PRICES

...E METALS

...ER—Little changed on the London ...xchange after a day of quite ...ading with the movements of the ... the main influence. Covering ...forward metal to start at £775 ... the price fell away touching ...er the Comex opening. However, ...ollar weakened. Comex steadied and London recovered to a close on the Kerb of £771. Turnover: 27,075 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £749, three months £772, 71, 73, 72.5, 72, 71.5, 71. Cathodes, cash £736, 37.5, 37, three months £756. Kerbs: Three months £771, 70.5, 71. Afternoon: Wirebars, three months £769, 67.5, 68, 67.5. Cathodes, three months £755. Kerbs: Wirebars, three months £769.5, 69, 69.5, 70, 71, 72, 71.5, 71, 70.5. Cathodes, three months £756.5.

	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
	749.5	−4	745-6	−.25
	770.5-1	+4.5	767-8	+.75
	749.5	−4	—	......
	736.5-7	−3.5	733.4	−1.
	757.5-8.5	−5.75	755-.5	......
	757	+3.5	—	......
	625	......	*69.71.025	......

TIN—Moved lower after forward metal had started at £7,750 and advanced to £7,740 before selling emerged. The East had gained ground overnight in light turnover. In London, cash offerings, hedge selling and investment liquidation all helped depress the price and in the afternoon U.S. selling and the value of the pound became factors. The forward price touched £7,650 before steadying to close on the Kerb at £7,690. Turnover: 1,710 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	7820-30	−80	7830-40	−40
3 months	7700-10	.....	7680-70	+10
Settlem't	7830	−80	—	......
Standard				
Cash	7820-30	−80	7830-40	−40
3 months	7675-80	−15	7650-60	−10
Settlem't	7830	−80	—	......
Straits E.	†$2050	+20	—	......
New York	—	......	—	......

Morning: Standard, cash £7,830, 40, 20, three months £7,700, £7,690, 80, 83, 80, 70, 80. High Grade three months £7,710, 7,685, 7,700. Kerb: Standard, three months £7,675, 70. Afternoon: Standard, three months £7,690, 65, 60, 50. Kerb: Standard, three months £7,650, 55, 70, 80, 65, 60, 75, 80.

LEAD—Firmer, although below the day's highest levels. Renewed speculative buying coupled with the general trend in other base-metals pushed forward metal up to £415 in the morning rings, with the backwardation widening to £17 at one point. However, in the afternoon profit-taking touched off some stop-loss selling and the price fell back to £403.5 before moving ahead strongly again to close on the late kerb at £409.5. Turnover: 13,750 tonnes.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	
Cash	432.5-3.5	+10.7	422-3	−.25
3 months	414-.5	+9	405.5-6	+.875
Sett'ment	433.5	+11	—	......
U.S. Spot	—	......	*36.36	......

Morning: Cash £428, 33, 34, 33, three months £410, 11, 11.5, 12, 13, 14, 15. Kerb: Three months £414, 13, 11, 10, 10.5, 11. Afternoon: Cash £428, three months £409. [illegible]

ZINC—Marginally easier. Forward metal moved ahead on the pre-market to touch the day's high of £379 reflecting further speculative demand and news that both Preussag and Cominco had lifted their producer prices to $720. At these levels, however, profit-taking and stop-loss selling caused the price to fall back to £369 prior to a late rally which left it at £370.5 on the kerb. Turnover: 8,073 tonnes.

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	361.5-2.5	+2.5	356-7	−2.25
3 months	374-.5	+3.25	368.5-9	−2
S'ment	362.5	+2.5	......	......
Prim.west	—	......	*33.5-4.5	......

Morning: Three months £374, 75, 75.5. Kerb: Three months £375, 74, 73, 72.5, 72, 71.5, 72. Afternoon: Three months £370, 69. Kerb: Three months £369.5, 70, 71, 70.5.

ALUMINIUM—Steady after a strong morning performance when forward metal moved to £607 on speculative interest in line with other metals. In the afternoon trade selling in quite good volume was evident, prompted by the difference between UK and U.S. values and the movement of sterling. The price fell to £704, recovered to £706 and closed on the Kerb at £705. Turnover: 1,525 tonnes.

Alumin'm	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£		£	
Spot	—	......	—	......
3 months	606.5-7	−4.5	604.5-5	......

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

Morning: Three months £606, 07, 06.5, 06, 06.5. Kerb: Three months £607. Afternoon: Three months £605.5, 05, 04, 04.5. Kerb: Three months £605, 06.

SILVER

Silver was fixed 3.2p an ounce higher for spot delivery in the London bullion market yesterday, at 296.5p. U.S. cent equivalents of the fixing levels were: spot 611.1c, up 17.5c; three-month 624.7c, up 19.1c; six-month 638.9c, up 20.4c; and 12-month 666.7c, up 23.4c. The metal opened at 295½-296½p (608-607½c) and closed at 295½-296½p (613-614½c).

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. close	+ or −
Spot	296.5p	+3.2	295.8p	+2.5
3 months	305.8p	+3.1	303.35p	+2.5
6 months	312p	+3.1	—	......
12 months	329p	+3.1	—	......

LME—Turnover 217 (178) lots of 10,000 ozs. Morning: Three months 303.9, 04.2, 04.3, 04.4, 04.3. Kerbs: Three months 304.2. Afternoon: Three months 302.3, 02.7, 02.8, 03.2, 03.3. Kerbs: Three months 304, 03.4, 03.5, 03.3, 04, 03.7, 03.5.

COCOA

After opening steadier than expected, prices eased throughout the day to close near the day's "lows." Gill and Duffus reported.

COCOA	Yesterday's Close	+ or −	Business Done
Dec.	[illegible]		
March	[illegible]		
May	[illegible]		
July	[illegible]		
Sept.	[illegible]		
Dec.	[illegible]		
March	[illegible]		

Sales: [illegible]

International Cocoa Organisation (U.S. cents per pound)—Daily price October [illegible] 182.36 (180.[illegible]). Indicator prices October [illegible] 15-day average [illegible]; 22-day average [illegible].

COFFEE

ROBUSTAS continued their recent rally in the morning, but heavy dealer selling forced values lower in the afternoon after a disappointing performance in New York, Drexel Burnham reported. Final values were [illegible] lower after an active closing session.

COFFEE	Yesterday's Close	+ or −	Business Done
	£ per tonne		
November	[illegible]		
January	[illegible]		
March	[illegible]		
May	[illegible]		
July	[illegible]		
September	[illegible]		
November	[illegible]		

Sales: [illegible]

ICO Indicator prices for Oct. 25 (U.S. cents per pound): [illegible] Arabicas [illegible]; Arabicas [illegible]; Arabicas [illegible]; 1976 [illegible]; 151.30 [illegible] (150.60). [illegible]

GRAINS

LONDON FUTURES (GAFTA)—Wheat opened [illegible] increased [illegible] to trade [illegible] selling [illegible] to close [illegible] trading [illegible] higher [illegible] but was [illegible] the day. [illegible] closed [illegible] the day. [illegible]

WHEAT	Yesterday's close	+ or −	BARLEY Yesterday's close	+ or −
Nov.	[illegible]			
Jan.	[illegible]			
Mar.	[illegible]			
May	[illegible]			

Business done—[illegible]

HGCA—[illegible]

UK [illegible] from Oct [illegible]

EEC DAILY IMPORT LEVIES and premiums [illegible]

COTTON

LIVERPOOL COTTON—Spot and shipment sales amounted to [illegible] tonnes, the largest daily total for [illegible]

RUBBER

SLIGHTLY EASIER opening on the London physical market. Little interest throughout the day, closing on a hesitant note. Lewis and Peat reported a Malaysian godown price of 253 (256) cents (buyer, November).

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

LONDON DAILY PRICE (raw sugar) [illegible]

[illegible]

WOOL FUTURES

LONDON—Dull and featureless, Bache reported.

[illegible]

MEAT/VEGETABLES

SMITHFIELD [illegible]

[illegible]

bringing the turnover so far this week to 25,[illegible] tonnes. Very substantial trading developed as a result of widespread interest among spinners, F. W. Tattersall reported. Users wanted fresh quantities of Middle Eastern and most American-type varieties.

MEAT COMMISSION—Average fatstock prices at representative markets on Oct. 26. GB cattle [illegible]p per kg.l.w. ([illegible]). UK sheep 135.2p per kg.est.d.c.w. (+4.1). GB pigs 67.5p per kg.l.w. (−0.9). England and Wales—Cattle down 5.2 per cent, average price [illegible] Sheep down 8.0 per cent, average price 135.8p (+4.0). Pigs down 0.2 per cent, average price 67.5p (−0.9). Scotland—Cattle down 11.8 per cent, average price 68.31p (−0.39). Sheep up 5.6 per cent, average price 130.4p (−1.6).

COVENT GARDEN (prices in sterling per package unless stated)—Imported produce: [illegible]

PRICE CHANGES

Price in tonnes unless otherwise stated.

	Oct. 26 1978	+ or −	Month ago
Metals			
Aluminium	£710	......	£710
Free market (cts)	$1156	+10	$1070/80
Copper cash W Bars	£745.5	−2.5	£741
3 months do. do.	£767.5	+0.75	£759.5
Cash Cathode	£733.5	−1.5	£729.5
3 months do. do.	£755.25	......	£748.25
[illegible]			
Future Mar.	£2,002.5	−34.5	£1,956
Coffee Future			
Jan.	£1,454.5	−7.5	£1,526.5
Cotton 'A' Index	78.55	+0.4	74.65c
Rubber kilo	62.75p	−0.25	60.75p
Sugar (Raw)	110	+2.0	£107
Woolt'ps 64s kilo	273p	......	273p

* Nominal. † New crop. ‡ Unquoted. m June-Aug. n July-Sept. q Sept. r Oct.-Nov. s Nov.-Dec. u Nov. w Dec. y Per ton. z Indicator prices.

FINANCIAL TIMES

Oct. 26	Oct. 25	Month ago	Year ago
265.95	266.01	253.92	255.24

(Base: July 1, 1952=100)

REUTERS

Oct. 26	Oct. 25	Month ago	Year ago
1531.0	1529.6	1494.8	1485.2

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Oct. 26	Oct. 25	Month ago	Year ago
Spot	396.21	395.47	376.60	357.96
Futures	392.52	392.58	377.69	327.86

(Average 1924-25-26=100)

MOODY'S

Moody's	Oct. 26	Oct. 25	Month ago	Year ago
Spot Commty	985.5	977.1	957.5	845.2

(December 31, 1931=100)

Vietnam joins rubber group

KUALA LUMPUR, Oct. 26.

VIETNAM has become the eighth member of the Association of Natural Rubber Producing Countries.

A spokesman said that Vietnam's membership was approved following the ratification allowing for the association's expansion.

Reuter

U.S. Markets

Further rise in precious metals

NEW YORK, Oct. 26.

[illegible]

‡‡Maize—Dec. 237-236½ (233½), March 245½-246 (242), May 252½-252½, July 256½-256¼, Sept. 256½, Dec. 259½-260.

§Platinum—Jan. 361.00 bid (363.00), April 363.90 bid (353.90), July 366.30, Oct. 369.10 bid, Jan. 371.90 bid, April 374.8 bid. Sales: 352 lots.

*Silver—Oct. 607.00 (604.30), Nov. 607.50 (606.00), Dec. 611.90, Jan. 616.20, March 624.70, May 633.30, July 624.10, Sept. 651.10, Dec. 665.30, Jan. 670.10, March 679.70, May 6-9.40, July 698.20. Sales: 50,000 lots. Handy and Harman bullion spot 612.50 (592.00).

Soyabeans—Nov. 700-701 (695½), Jan. 710-709 (707), March 718-719, May 722-721, July 724-723, August 712-712½, Sept. 692, Nov. 681½.

Soyabean Oil—Dec. 26.50-26.55 (26.35), Jan. 26.20 (26.75), March 25.90-25.85, May 25.70-25.75, July 25.50, August 25.20, Sept. 24.65-24.75, Oct. 24.45.

‡Soyabean Meal—Dec. 191.40-191.00 (188.70), Jan. 192.50-192.00 (190.00), March 193.00-193.50, May 193.80-193.50, July 193.00-193.30, August 192.00, Sept. 190.50-191.00, Oct. 189.00.

Sugar—No. 11: Jan. 9.20 (9.39), March 9.50-9.51 (9.51), May 9.69, July 9.84-9.85, Sept. 9.99, Oct. 10.11, Jan. 9.85 bid, March 10.50-10.60. Sales: 6,530 lots.

Tin—745-755 nom. (735-745 nom.).

**Wheat—Dec. 359½-359 (352½), March 353½-352 (349½), May 345½-343, July 334-333, Sept. 335, Dec. 344 bid.

WINNIPEG, Oct. 26. ††Rye—Oct. 103.80 bid (102.30 bid), Nov. 105.00 bid (104.00 bid), Dec. 106.00, May 110.00, July 110.50.

††Oats—Oct. 87.00 mid (86.60 bid), Dec. 83.60 (84.00 bid), March 81.00 asked, May 81.40 asked, July 81.30 asked.

††Barley—Oct. 79.00 bid (75.50), Dec. 78.60 bid (78.60), March 78.10 bid, May 78.50, July 78.50 asked.

§§Flaxseed—Oct. 280.00 bid (280.00 bid), Nov. 282.00 (280.30 bid), Dec. 273.70, May 273.70 asked, July 278.00 bid.

*Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 182.31 (181.81).

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100 ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56 lb bushel ex-warehouse, 5,000 bushel lots. § $s per troy ounce for 50 oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered fob cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60 lb bushel in store. †† Cents per 34 lb bushel. ‡‡ Cents per 48 lb bushel ex-warehouse. §§ Cents per 56 lb bushel ex-warehouse, 1,000 bushel lots. ¶¶ $C per tonne.

STOCK EXCHANGE REPORT

Pay frustrations and U.S. economic plight triggers institutional and public selling of leading equities

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Oct. 16	Oct. 26	Oct. 27	Nov. 7
Oct 30	Nov. 9	Nov. 10	Nov. 21
Nov. 13	Nov. 23	Nov. 24	Dec. 5

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Investors yesterday became impatient with the lack of progress towards agreement in the Government/TUC pay talks and at the same time worried by possible repercussions from America's economic plight. The combination left stock markets looking depressed, although values ended above the day's lowest owing to bear closing.

Soon after the start of trade, lines of top-name companies came on offer and it was believed that an institutional source was operating. Public selling followed in the wake of this business and at one stage the market was distinctly uneasy. But the cessation of the offerings relieved the strain and, although genuine buyers remained absent, the tone gradually became more settled.

Concern about higher interest rates was also a factor making for weakness following advice that the current pressure on short-term rates in the U.S. would force Minimum Lending Rate up eventually. Renewed easiness in Beecham on a bearish report concerning the group's prospects in the U.S. drugs market was another unsettling factor.

Shortly before the official close, however, a rally was initiated by the closing of short-term bear positions. Its continuation in the after-hours' trade extended the movement and the FT Industrial Ordinary share index finished a net 5.3 lower at 484.4, after having been 8.3 down at 3 pm

Conditions in British Funds were again extremely thin and quotations, after being marked ⅛ to ¼ lower at the outset, held steady for the remainder of the day. Gold shares wrestled with the opposing influences of a record bullion price and the further fall in the investment currency premium. As a result, prices were lower in sterling terms but higher in U.S. dollar terms.

Rates for investment currency came under renewed pressure and in animated trading the premium fell to 70 per cent before rallying late to close a net 3¼ points down at 71¼ per cent. Once again, the bulk of the day's trade stemmed from institutional sources and was connected with activities in U.S. securities. Yesterday's SE conversion factor was 0.7416 (0.7266).

Despite the setback in equities, there was only a modest decrease in the number of contracts in Traded Options which amounted to 590 compared with Wednesday's 665.

Following the placing at 42½p, Arncliffe opened at 47p and closed at that price after extremes of 46p and 48p.

Irish banking issues, a firm market of late on speculation about the country's intentions regarding the European Monetary System, lost more ground on light profit-taking. Allied eased 5 to 224p and Bank of Ireland 7 to 430p. Home Banks traded quietly and closed at, or near, the overnight levels. Merchants had Kleinwort Benson 4 easier at 92p and Hambros 6 cheaper at 182p, while F. C. Finance dropped 5 to 73p in lacklustre Hire Purchases. Overseas issues moved lower on dollar-premium influences, National Bank of Australia falling 8 to 208p and Hong Kong and Shanghai 17 to 279p.

Border Breweries were notably dull at 82p, down 6, on the forecast of reduced profits.

A relatively good market of late ahead of the interim dividend, London Brick fell away on slight disappointment with the announcement and closed 2 easier at 70½p. Other Building issues succumbed to small persistent selling, but prices closed slightly above the worst. Even so, recently firm Brown and Jackson fell 12 at 268p. Elsewhere, Blue Circle were dull at 265p, down 5, while among Irish issues, Cement Roadstone met further profit-taking and lost a like amount at 97p.

Chemicals presented a dull picture with ICI ending 5 off at 380p, after 376p. Fisons finished a similar amount down at 322p, after 317p. Alginate lost 8 at a new low for the year of 225p.

M & S dip and rally

Stores succumbed to an early bout of selling, but encountered a few bagain hunters in the later trade and finished a penny or two above the day's lowest. Marks and Spencer closed a penny cheaper on balance at 83p, after 81p. Gussies "A" fell 6 to 300p, while Bambers lost 5 at 166p, and Allied Retailers 6 at 96p. Time Products shed 4 at 184p, while the new nil-paid gave up 3 to 29p premium, after 28p premium. Fortnum and Mason, at 840p, gave back another 20 of Monday's rise of 110 that followed the news of the death of major shareholder Mr. Garfield Weston.

Petbow lost 6 to 92p for a two-day reaction of 30 on the proposed redundancies. Electronic Machine eased a penny to 21p on the annual loss, while falls of around 10 were seen in Racal Electronics, 317p, and M. K. Electric, 210p. Beree declined 4 to 143p in front of today's interim figures, while other dull spots included Automated Security, 5 easier at 98p, and Muirhead, 6 cheaper at 206p. Against the trend, F. W. Thorpe responded to the increased dividend and profits with a rise of 2 to 82p.

Apart from John Brown, down 10 further at 428p, and Hawker Siddeley, a similar amount off at 230p, the Engineering majors held up reasonably well. Numerous losses in secondary issues mainly reflected light selling on an unwilling market. Still unsettled by the warning on second-half trading, Hopkinsons Holdings fell another 6 to 106p. Babcock and Wilcox, a particularly good market of late, fell a smiliar amount to 157p, while lower half-yearly profits left Sheepbridge Engineering 4 cheaper at 66p. Martonair reacted 8 to 222p. In a limited market and losses of 4 included GEI International, 87p. McKechnie Bros. eased 2 to 91p on the interim results, while adverse Press mention caused a reaction of 1 to 85p in Serck.

Foods contributed their share of dull spots. Associated Dairies fell 5 to 238p despite the chairman's optimistic statement at the annual meeting, while losses of 6 were seen in Geo. Bassett, 120p, and Bishop's Stores A, 99p. Similar losses were sustained by Robertson, 146p, and Kwik Save, 84p. Louis C. Edwards, however, hardened 1¼ to 19½p on speculation about financial proposals which the company has received.

Hotels and Caterers generally lost ground, but Prince of Wales advanced 7 to 82p on small buying in a restricted market.

Beecham above worst

Revived fears of increased competition in the U.S. for its drugs caused selling of Beecham which fell away to 648p before recovering to close 13 off on balance at 660p. Elsewhere in the miscellaneous Industrial leaders, Pilkington Bros. dipped 11 to 297p and Reckitt and Colman a similar amount to 483p. Glaxo reacted to 550p before settling at 557p for a fall of 6. The half-year loss prompted marked weakness in Henry Boot, down 15 at 120p, while De La Rue remained vulnerable to selling ahead of the interim results due shortly and gave up 13 more to 420p.

Scattered offerings in an extremely thin market left Hunting Associated 25 cheaper at 285p. Acquisition news failed to benefit Powell Duffryn, down 3 at 185p, while Peerage gave up 2 more to 58p on the reduced half-yearly profits. Letraset fell 6 to 137p and losses of 5 were recorded in Braby Leslie, 72p, and Carlton Industries, 218p, among others. ICL remained on offer and fell 15 further to 437p. Lower interim profits and the accompanying statement on the outlook prompted a fall of 3 to 172p in Boosey and Hawkes. Australian issues to give ground included Broken Hill Proprietary, 630p, and Hanimex, 66p, down 30 and 5 respectively.

The Motor sector took on a decidedly dull apperance. Sellers were evident in Garages and Distributors where falls of around 5 were marked against H. Perry, 109p, Dorada, 67p, and Wadham Stringer, 42p. Among Components, Lucas closed 4 down at 318p, after 316p.

Despite favourable comment on the interim results, More O'Ferrall eased 3 to 88p, but Geers Gross, initially a penny easier at 43p, closed unchanged on balance at 44p following the mid-term statement.

In lower Properties, Stock Conversion ended 8 down at 280p, while Land Securities lost 3 at 226p and MEPC 2 at 137p. Of the odd firm spots, Warnford improved 3 to a high for the year of 365p and Berkeley Hambro added a like amount to 137p in response to the sharply higher interim profits.

Oils give ground

Light offerings and lack of support left British Petroleum 10 lower at 872p and Shell 5 cheaper at 565p, while renewed weakness in Royal Dutch, down a point at £41¼, mainly reflected a further reaction in the dollar premium. Among the more speculative issues, fresh selling left Siebens (UK) down 26 more at 274p.

Still reflecting disappointment with the profits forecast, Gill and Duffus lost 4 for a two-day loss of 19 to 144p.

Still reflecting Wall Street and dollar-premium influences, Investment Trusts closed with falls throughout the list. London and Montrose slipped 8 to 184p, while Edinburgh American, 109p, and Continental and Industrial, 187p, lost 4 apiece. Losses of 5 pere seen in Capital and National B and Raeburn Investment, both at 115p. Among Overseas issues, Rolinco eased 1⅛ points to £45¼ and Robeco two points to £55¼.

Dawson International Ordinary eased a penny to 194p, while the "A" shares encountered selling and fell 6 to 188p; the offer from Wm. Baird, down 3 at 176p, closes today. J. Haggas firmed 2 more to 165p. Elsewhere in the Textile sector, Press comment on the interim results left Youghal 5 cheaper at 33p.

Golds uncertain

In sterling terms, South African Golds were caught in a two-way pull with the continuing strength of the bullion price being offset by the steep decline in the investment currency premium, both of which reflected the further descent of the dollar.

In dollar terms, however, share prices gathered strength throughout the day and moved ahead quickly in the after-hours' trade in response to American buying.

The Gold Mines index fell 1.2 to 148.0, while the ex-premium index put on 1.35 to 109.76. The bullion price advanced $4.75 to a record closing level of $235.125 per ounce.

In the heavyweights Free State Geduld closed ½ higher on balance at £15¾, after £15¼, while West Driefontein rallied from £21½ to end ⅛ firmer at £21¾.

South African Financials, however, failed to attract any of the late support for Golds. De Beers, 8 down at 356p, lost ground for the fourth successive day, while Anglo American Corporation dipped 3 to 322p and Amcoal dropped 20 to 575p.

London-registered Financials also moved lower but prices tended to recover in the after-hours business reflecting the rally in UK equities. Rio Tinto-Zinc ended 3 off at 245p, after 243p.

Australians sustained heavy losses owing to the weakness of overnight domestic markets and the fall in the premium. Substantial declines were registered by Conzinc Riotinto, 21 off at 243p, MIM Holdings, 10 down at 180p and Pancontinental, which fell 100 to 825p.

Elsewhere, Afrikander Lease dropped 30 to 210p owing to Cape selling following the annual meeting in Johannesburg.

FINANCIAL TIMES STOCK INDICES

	Oct. 26	Oct. 25	Oct. 24	Oct. 23	Oct. 20	Oct. 19	A year ago
Government Secs.	69.36	69.58	69.63	69.55	69.69	69.81	77.78
Fixed Interest	71.02	71.10	71.34	71.26	71.26	70.93	79.75
Industrial	484.4	489.7	496.5	495.6	500.2	495.8	512.8
Gold Mines	148.0	149.2	149.1	153.1	160.1	157.8	139.1
Gold Mines (Ex-$ pm.)	109.8	108.4	107.6	109.9	115.5	114.8	99.4
Ord. Div. Yield	5.58	5.51	5.45	5.46	5.40	5.46	5.35
Earnings, Y'ld% (full)(*)	15.53	15.34	15.16	15.19	15.04	15.15	16.60
P/E Ratio (net) (*†)	8.52	8.62	8.73	8.72	8.80	8.74	9.12
Dealings marked	4,818	4,400	4,471	4,596	4,250	4,226	5,508
Equity turnover £m	—	75.13	49.37	58.08	72.25	66.53	97.78
Equity bargains total	—	14,695	11,066	14,425	14,178	13,451	16,893

10 am 483.4. 11 am 482.9. Noon 481.7. 1 pm 481.8.
2 pm 481.2. 3 pm 481.2.
Latest Index 01-246 8026.
*Based on 52 per cent corporation tax. †Nil=8.30.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ pm index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (6/1)	68.79 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.76 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8)	130.3 (3/1)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm.)	132.3 (14/8)	90.5 (18/4)	337.1 (3/4/74)	54.3 (25/8/76)

S.E. ACTIVITY

	Oct. 26	Oct. 25
—Daily		
Gilt-Edged	128.1	142.8
Industrials	185.4	157.9
Speculative	30.0	31.4
Totals	109.7	100.2
5-day Average		
Gilt-Edged	149.4	154.2
Industrials	155.9	147.7
Speculative	37.4	41.9
Totals	101.7	99.0

LONDON TRADED OPTIONS

Option	Ex'rcise price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	750	148	2	—	—	—	—	875p
BP	850	70	1	90	—	115	—	
BP	900	35	7	60	—	80	5	
BP	950	18	8	37	5	57	5	
Com Union	140	10	11	13	—	16	—	158p
Com Union	160	3	—	5½	10	8	—	
Cons Gold	160	25	5	35	—	38	—	177p
Cons Gold	180	12	6	21	4	25	—	
Cons Gold	200	4½	11	10	10	15	—	
Courtaulds	100	20	16	—	—	—	—	117p
Courtaulds	110	12½	5	15	—	18	—	
Courtaulds	120	6½	44	10	—	14	—	
GEC	280	46	26	53	—	—	—	318p
GEC	300	29	28	39	—	—	—	
GEC	330	10½	—	20	10	48	—	
GEC	360	3½	2	8	7	31	—	
Grand Met	100	14½	35	16½	3	18½	5	108p
Grand Met.	110	6½	8	9	—	13	—	
Grand Met.	120	4	11	6	—	8½	—	
ICI	330	62	—	65	10	—	—	379p
ICI	360	35	30	42	21	52	—	
ICI	390	16	26	22	1	33	1	
ICI	420	5½	5	11	15	20	—	
Land Secs.	220	16	124	24	—	29	—	226p
Land Secs.	240	6	6	13	—	19	—	
Marks & Sp.	80	24	—	26	5	—	—	83p
Marks & Sp.	90	4	20	6½	—	10	5	
Shell	560	35	1	56	5	66	—	567p
Shell	600	14	6	24	17	40	—	
Totals			458		125		21	
		November		February		May		
Boots	180	15	1	25	—	31	—	191p
Boots	200	5	2	12	—	19	—	
RTZ	280	2	—	7	5	11	—	244p
Totals			3		5			

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct. 24	Nov. 6	Jan. 25	Feb. 6
Nov. 7	Nov. 20	Feb. 8	Feb. 20
Nov. 21	Dec. 4	Feb. 22	Mar. 6

For rate indications see end of Share Information Service

Money was given for the call in S. Sherman, UDT, Carron, Mincorp, BP, Ladbroke, Status Discount, Ratners, Shell Transport, Waterford Glass, Lydenburg, Mams, Consolidated Gold Fields, Maple and Culter Guard Bridge. Puts were done in Thorn Electrical, Plessey, Cartiers, Natwest. Warrants, Trafalgar House and Lucas, while doubles were arranged in Premier Consolidated Oil and Thorn Electrical.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
Beecham	25p	13	660	−13	743	583
ICI	£1	11	380	− 5	421	328
Rank Org.	25p	10	247	− 6	298	228
BATs Defd.	25p	9	230	− 5	304	227
GEC	25p	9	317	+ 1	340	233
Babcock & Wilcox	25p	8	157	− 6	163	107
BP	£1	8	872	−10	926	720
Distillers	50p	8	192	− 3	215	163
Hawker Siddeley	25p	8	230	−10	288	166
Unilever	25p	8	538	− 4	602	476
Dawson Intl. "A"	25p	7	188	− 6	210	98
GUS "A"	25p	7	300	− 6	340	256
Haggas (J.)	10p	7	165	+ 2	165	85
RTZ	25p	7	245	− 3	263	164
Shell Transport	25p	7	565	− 5	602	484

LEADERS AND LAGGARDS

The following table shows the percentage changes which have taken place since December 30, 1977, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines Index.

Engineering Contractors	+27.63	All-Share Index	+ 6.87
Mining Finance	+22.77	Oils	+ 5.41
Electricals	+21.14	Metal and Metal Forming	+ 5.14
Mechanical Engineering	+19.36	Investment Trusts	+ 4.96
Capital Goods Group	+15.93	Consumer Goods (Non-durable) Group	+ 4.73
Overseas Traders	+15.93	Tobaccos	+ 3.94
Newspapers and Publishing	+14.58	Entertainment and Catering	+ 3.37
Electronics, Radio and TV	+13.16	Food Manufacturing	+ 3.28
Chemicals	+12.73	Stores	+ 2.88
Gold Mines F.T.	+11.94	Household Goods	+ 1.72
Wines and Spirits	+11.55	Breweries	+ 1.66
Contracting and Construction	+11.36	Pharmaceutical Products	+ 1.15
Packaging and Paper	+11.34	Insurance Brokers	− 1.85
Consumer Goods (Durable) Group	+10.95	Merchant Banks	− 3.14
Building Materials	+ 9.99	Financial Group	− 4.32
Office Equipment	+ 9.83	Banks	− 4.56
Motors and Distributors	+ 9.73	Insurance (Life)	− 5.58
Industrial Group	+ 8.40	Discount Houses	− 6.47
500 Share Index	+ 7.96	Hire Purchase	− 8.20
Textiles	+ 7.36	Shipping	− 9.62
Other Groups	+ 7.04	Insurance (Composite)	−12.04
Toys and Games	+ 6.87		
Food Retailing	+ 6.10	† Percentage changes based on Tuesday, October 24, 1978 indices.	
Property	+ 6.09		

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (16)

STORES (1)
Stanhope

ELECTRICALS (1)
Thorpe (F. W.)

FOODS (1)
Edwards (Louis C.)

HOTELS (1)
Prince of Wales

INDUSTRIALS (4)
Bodycote Intl. — Provincial Laundries
Caplan Profile — Stonehill Hldg.

LEISURE (1)
Horizon Midlands

NEWSPAPERS (1)
Bristol Post

PROPERTY (1)
Warnford Inv.

TEXTILES (1)
Haggas (J.)

TRUSTS (1)
Park Place Invs.

OILS (1)
Candecca Res.

OVERSEAS TRADERS (1)
Boustead

MINES (1)
Mincorp

NEW LOWS (48)

BRITISH FUNDS (3)
Exchea. 9¼pc 1982 — Treas. 9½pc 1983
Treas. 12pc 1983

AMERICANS (9)
American Express — Singer
Asarco — Texaco
Colt. Inds. — U.S. Steel
General Electric — Zapata Corp.
Norton Simon

CANADIANS (1)
Hudson Bay Oil

CHEMICALS (3)
Alginate Inds. — Leigh Interests
Fisons

ELECTRICALS (3)
BSR — Rotaflex (G. B.)
Motorola

ENGINEERING (5)
CompAir — Sykes (H.)
Cons 3½LLn.'78-94 — Weeks Assoc.
Manganese Bronze

FOODS (3)
Bishop's Stores — Low (Wm.)
Bishop's Stores A N V

INDUSTRIALS (9)
Avon Rubber — Hanimex Corp.
Bath & Portland — Petrocon
Baxter Travenol — Trafalgar House
Continental Group — "W" Ribbons
Dentsply 9pc Cv. '91/96

INSURANCE (2)
Eagle Star — Royal Ins.

LEISURE (2)
Black & Edgington — Camtrax

MOTORS (3)
Dunlop — Bramall (C. D.)
Zenith A

TRUSTS (3)
Manchester & Metro. — Progressive Secs.
Montague Boston

OILS (1)
Texaco 4¾pc Cnv. '81-99

MINES (1)
Messina

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	64	12
Corpns., Dom. and Foreign Bonds	2	7	54
Industrials	49	847	633
Financial and Prop.	15	321	177
Oils	1	22	13
Plantations	2	13	16
Mines	14	82	44
Recent Issues	1	13	19
Totals	83	1,369	968

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
42½	F.P.	—	48p	46p	Arncliffe Hldgs.	47p	—	b2.56	2.4	8.1	7.5
101	F.P.	22/11	400	345	Ferranti New	380	−2	u5.76	11.9	2.2	10.8
‡‡	F.P.	24/11	36½	31½	Manor Nat Grp. Motrs	31½	−½	g2.14	1.3	9.8	10.9
‡‡	F.P.	—	132	100	Rightwise	117	—	—	—	—	4.9

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price	+ or −
£99¾	F.P.	—	99⅝	99½	Anglesey Variable 1983	99⅝	—
10p	—	13/10	16p	12½p	Audiotronic 12% Conv. Prf.	13p	—
‡	£10	4/1	10¼	10	Bristol Waterworks 7% Prf. 1983	10	—
£100	nil	—	7pm	3pm	Crosby House 10%Conv. '87-90	3pm	−1½
**	F.P.	1/12	111p	105p	Halma 11% Cum. Prof.	109p	—
£99	£25	29/9	26¼	25	Hill & Smith 14% 1st Deb. 2000-03	25	—
‡	nil	—	2¾pm	2¼pm	Hongkong Land 8% Loan	2½pm	−¼
£100	F.P.	8/12	101¾	100¼	Howard & Wyndham 10% Uns. Ln. 86-91	100¼	—
£99½	F.P.	—	99⅝	98	Kensington & Chelsea Var. Rate 1983	98¼	—
‡	nil	26/10	38	18	Prov Laundries 12% Cnv. 86/88	38pm	—
£97½	£10	—	9	9	Rickmansworth & Uxbridge Water 7% '85	9	—
55	F.P.	—	120	103	Rightwise 10% Conv. Uns. 1993	118	—
£99½	£10	10/1	9	7	Southwark Corp. 12¼% Red. 1987	8	−½
**	F.P.	17/11	105	103	Victor Prods. 11% Cum. Prof.	105p	—
£97½	£10	26/1	9¾	9½	West Kent Water 7% Pref. 1983	9¾	—

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date		1978 High	1978 Low	Stock	Closing Price p	+ or −
30p	Nil	7/11	24/11	35pm	35pm	Astbury & Madeley	35pm	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	Blackwood Hodge	51	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	British Printing	51½	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	Crouch Wace	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	Dalgety	139	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	Hawker Siddeley	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	Pawson (W. L.)	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	Reliance Knitwear	[illegible]	[illegible]
200	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	Slough Est.	330	[illegible]
155	Nil	8/11	8/12	[illegible]	[illegible]	Time Products	[illegible]	[illegible]
18	Nil	9/10	6/11	[illegible]	[illegible]	Wearwell	[illegible]	[illegible]
12	Nil	27/10	17/11	[illegible]	[illegible]	Wettern Bros.	[illegible]	[illegible]

[illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., Oct. 26, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Wed. Oct. 25 Index No.	Tues. Oct. 24 Index No.	Mon. Oct. 23 Index No.	Fri. Oct. 20 Index No.
1	CAPITAL GOODS (171)	236.80	−1.3	16.39	5.29	8.39	239.84	242.25	242.53	243.99
2	Building Materials (27)	205.04	−1.7	17.24	5.52	7.98	208.56	211.08	210.65	211.33
3	Contracting, Construction (28)	370.56	−1.0	18.71	4.28	7.77	374.37	378.86	378.23	381.07
4	Electricals (14)	544.40	−0.4	13.33	3.41	10.37	546.46	555.08	557.82	564.02
5	Engineering Contractors (14)	370.07	−2.3	17.93	5.89	7.56	378.63	380.03	383.33	382.93
6	Mechanical Engineering (73)	187.21	−1.9	17.86	5.87	7.51	190.82	192.24	192.19	193.04
8	Metals and Metal Forming (18)	167.22	−0.9	15.97	8.52	8.67	168.82	168.96	168.94	169.67
	CONSUMER GOODS									
11	(DURABLE) (53)	208.44	−1.8	16.50	5.10	8.46	212.29	214.79	214.77	215.87
12	Lt. Electronics, Radio, TV (16)	253.07	−2.1	14.55	4.84	9.64	258.45	262.89	263.14	265.51
13	Household Goods (12)	184.38	−0.8	16.15	6.17	8.53	185.93	185.79	185.27	185.27
14	Motors and Distributors (25)	126.13	−1.6	19.76	6.57	7.05	128.18	128.93	128.79	128.77
	CONSUMER GOODS									
21	(NON-DURABLE) (172)	208.29	−1.3	15.98	5.97	8.42	210.94	213.42	213.16	214.81
22	Breweries (14)	227.11	−1.5	14.73	6.26	9.34	230.49	234.14	231.32	231.31
23	Wines and Spirits (6)	272.94	−1.6	15.60	5.27	9.57	277.34	282.36	279.93	281.27
24	Entertainment, Catering (17)	262.17	−0.9	13.97	6.66	10.44	264.67	270.16	270.01	271.22
25	Food Manufacturing (19)	204.28	−0.9	18.94	5.34	6.99	206.19	207.59	206.87	208.84
26	Food Retailing (15)	223.18	−1.2	13.51	4.61	10.30	225.83	228.36	229.18	231.60
32	Newspapers, Publishing (12)	390.10	−1.2	19.60	6.20	7.16	394.80	397.01	395.53	394.87
33	Packaging and Paper (15)	139.52	−1.1	18.46	7.68	7.14	141.14	144.71	144.62	145.96
34	Stores (40)	194.32	−1.6	11.79	4.84	12.25	197.53	199.51	200.04	202.51
35	Textiles (25)	180.67	−0.2	18.43	8.04	7.04	181.01	183.31	183.15	184.78
36	Tobaccos (3)	232.15	−1.3	23.71	8.08	4.99	235.29	235.90	236.90	237.48
37	Toys and Games (6)	104.30	−1.9	21.73	6.15	5.38	106.31	107.51	105.25	105.98
41	OTHER GROUPS (99)	201.87	−1.6	15.53	6.01	8.30	205.08	207.43	206.92	208.13
42	Chemicals (19)	286.92	−1.3	15.97	6.59	8.14	290.83	295.09	293.32	295.15
43	Pharmaceutical Products (7)	257.71	−1.8	11.05	4.02	11.10	262.45	264.78	263.85	265.23
44	Office Equipment (6)	130.24	−2.3	18.66	5.85	6.39	133.25	135.68	133.45	135.42
45	Shipping (10)	417.53	−1.0	14.89	7.24	8.58	421.57	424.58	425.14	427.07
46	Miscellaneous (57)	216.45	−1.6	17.37	6.47	7.66	220.00	222.04	222.94	223.87
49	INDUSTRIAL GROUP (495)	220.68	−1.4	16.01	5.74	8.38	223.76	226.27	226.09	227.58
51	Oils (5)	496.61	−1.0	14.07	4.05	7.72	501.79	503.60	504.77	509.69
59	500 SHARE INDEX	243.77	−1.3	15.72	5.49	8.28	247.04	249.53	249.45	251.22
61	FINANCIAL GROUP (100)	162.69	−0.8	—	5.98	—	164.06	164.94	165.06	165.72
62	Banks (6)	187.06	−0.1	24.96	6.27	6.01	187.33	187.10	187.04	188.54
63	Discount Houses (10)	209.87	−0.2	—	8.38	—	210.36	210.15	210.13	209.33
64	Hire Purchase (5)	149.08	−0.7	16.34	5.53	8.08	150.07	152.45	154.19	153.66
65	Insurance (Life) (10)	129.00	−0.7	—	7.28	—	129.97	132.41	132.22	132.82
66	Insurance (Composite) (7)	118.92	−1.0	—	7.37	—	120.11	121.01	121.24	121.66
67	Insurance Brokers (10)	325.53	−1.2	14.57	5.09	9.81	329.64	331.36	332.22	334.54
68	Merchant Banks (14)	79.91	−1.9	—	6.09	—	81.47	81.43	81.57	81.76
69	Property (31)	254.75	−1.3	3.38	2.88	50.80	258.16	259.62	259.73	259.74
70	Miscellaneous (7)	107.58	−1.0	23.38	7.79	5.54	108.71	109.33	109.13	109.07
71	Investment Trusts (50)	212.61	−1.8		4.94		215.94	218.16	218.55	219.82
81	Mining Finance (4)	106.83	−0.7	17.09	6.67	7.13	107.58	108.74	110.18	111.53
91	Overseas Traders (19)	318.86	−0.8	15.56	7.25	8.06	321.43	325.73	326.10	327.38
99	ALL-SHARE INDEX (673)	222.62	−1.2	—	5.61	—	225.43	227.56	227.61	229.10

FIXED INTEREST PRICE INDICES

	British Government	Thurs. Oct. 26	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	103.59	−0.08	—	7.89
2	5-15 years	114.13	−0.29	—	7.61
3	Over 15 years	117.76	−0.28	—	12.26
4	Irredeemables	122.91	−0.44	—	13.32
5	All stocks	111.05	−0.21	—	9.55

FIXED INTEREST YIELDS

Br. Govt. Av. Gross Red.

			Thurs. Oct. 26	Wed. Oct. 25
1	Low	5 years	9.22	9.19
2	Coupons	15 years	11.14	11.08
3		25 years	11.97	11.91
4	Medium	5 years	12.27	12.21
5	Coupons	15 years	12.35	12.29
6		25 years	12.33	12.28
7	High	5 years	12.26	12.20
8	Coupons	15 years	12.95	12.89
9		25 years	13.06	13.01
10	Irredeemables		11.79	11.73

		Thurs. Oct. 26 Index No.	Yield %	Wed. Oct. 25	Tues. Oct. 24	Mon. Oct. 23	Friday Oct. 20	Thurs. Oct. 19	Wed. Oct. 18	Tues. Oct. 17
15	20-yr. Red. Deb & Loans (15)	56.68	†13.09	56.68	56.69	56.69	56.66	56.66	56.66	56.69
16	Investment Trust Prefs. (15)	51.32	13.58	51.32	51.46	51.37	51.37	51.31	51.25	51.23
17	Coml. and Indl. Prefs. (20)	72.09	12.97	72.09	72.12	71.96	72.03	72.03	72.05	72.00

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

Hambro Group

Framlington Unit Mgt. Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mgemnt. Ltd.

Murray Johnstone U.T. Mgmt.

Mutual Unit Trust Managers

National and Commercial

National Provident Inv. Mngrs. Ltd.

National Westminster

NEL Trust Managers Ltd.

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd.

Pelican Units Admin. Ltd.

Perpetual Unit Trust Mngmt.

Piccadilly Unit Trust (a)(b)

Practical Invest. Co. Ltd.

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd.

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rothschild & Lowndes Mgmt. (a)

Rowan Unit Trust Mngt. Ltd.

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Save & Prosper Securities Ltd.

Save & Prosper continued

Scotbits Securities Ltd.

Schlesinger Trust Mngrs. Ltd.

J. Henry Schroder Wagg & Co. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

Sebag Unit Tst. Managers Ltd.

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd.

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd.

Target Tst. Mgrs. (Scotland)

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co.

Tyndall Managers Ltd.

TSB Unit Trusts (y)

Ulster Bank

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration

Hill Samuel Unit Tst. Mgrs.

Key Fund Managers Ltd.

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Lawson Secs. Ltd.

Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyds Life Unit Tst. Mngrs. Ltd.

M & G Group

Manulife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

CORAL INDEX: Close 482-487

INSURANCE BASE RATES

Property Growth	10¼%
Vanbrugh Guaranteed	10.12%

†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

For Arrow Life Assurance see Providence Capitol Life Assurance

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

City of Westminster Assur. Co. Ltd.

City of Westminster Assur. Soc. Ltd.

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life Assurance Co. Ltd.

Crusader Insurance Co. Ltd.

Eagle Star Insur/Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assurance Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (U.K.) Ltd.

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Solar Life Assurance Limited

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (U.K.) Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Guaranteed see 'Ins. Base Rates' table.

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Arbuthnot Securities (C.I.) Limited

Australian Selection Fund NV

Bank of America International S.A.

Banque Bruxelles Lambert

Barclays Unicorn Int. (Ch. Is.) Ltd.

Barclays Unicorn Int. (I. O. Man) Ltd.

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Tst. Mngmt. (CI) Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capdirex SA

Capital International S.A.

Central Assets Management Ltd.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

F. & C. Mgmt. Ltd. Inv. Advisers

Fidelity Mgmt. & Res. (Bda.) Ltd.

Fidelity Mgmt. Research (Jersey) Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Hambro Pacific Fund Mgmt. Ltd.

Hambros Bank (Guernsey) Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Baring Fund Mgrs. Ltd.

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Overseas Fund S.A.

International Pacific Inv. Mngt. Ltd.

J.E.T. Managers (Jersey) Ltd.

Jardine Fleming & Co. Ltd.

Keyselex Mngt., Jersey Ltd.

King & Shaxson Mgrs.

Kleinwort Benson Limited

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds Bank Intl. Geneva.

Management International Ltd.

M & G Group

Samuel Montagu Ldn. Agts.

Murray, Johnstone (Inv. Adviser)

Negit S.A.

Negit Ltd.

Phoenix International

Quest Fund Mngmnt. (Jersey) Ltd.

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Rothschild Asset Mngt. (Bermuda)

Royal Trust (CI) Fd. Mgt. Ltd.

Save & Prosper International

Schlesinger International Mngt. Ltd.

Schroder Life Group

J. Henry Schroder Wagg & Co. Ltd.

Sentry Assurance International Ltd.

Singer & Friedlander Ldn. Agents

Stronghold Management Limited

Surinvest (Jersey) Ltd.

TSB Unit Trust Managers (C.I.) Ltd.

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

Utd. Intnl. Mngmnt. (C.I.) Ltd.

United States Tst. Intl. Adv. Co.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

World Wide Growth Management

NOTES

Prices do not include $ premium, except where indicated ‡, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Net of tax on realised capital gains unless indicated by ✝ Guernsey gross. ● Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	23½	......	—	—
41	33	Do 5pc Pref.	41	......	—	—
98	98	Chilean Mixed	98	......	—	13.09
415	350	German Ynl. 4½pc.	411	......	4½	—
54	46	Greek 7pc Ass.	50	......	3½	17.25
51	46	Do 6pc 28 Stab Ass.	49	......	6	16.22
44	40	Do 4pc Mixed Ass.	40	......	4	15.08

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 34⅝% (based on US$2.0580 per £)
Conversion factor 0.7416 (0.7566)

CANADIANS

S.E. List Premium 34⅝% (based on $2.4378 per £)

BANKS AND HIRE PURCHASE

1978 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's	P/E
600	225	Do. Warrants	225	......	—	—	—	—
360	203	Hong Shng $2.50.	279	−17	hQ59c	—	2.5	—
69	52	Jessel Toynbee	60	−2	†h3.32	—	8.4	—
215	160	Joseph (Leo) £1	180	......	8.74	—	7.2	—
55	37	Keyser Ullmann.	51	−2	0.67	—	2.0	—
74	56	King & Shax 20p.	61	......	3.44	—	8.4	—
114	90	Kleinwort B L.	92	−4	†4.18	—	6.8	—
297	242	Lloyds £1	260	......	†9.23	4.8	5.3	5.9

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

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نقلا عن الأصل

INDUSTRIALS—Continued

1978 Low	Stock	Price	+ or —	Div Net	Cvr	Y'ld Gr's	P/E
119½	Holt Lloyd Int. 10p	165xc	-2	†7.11	2.0	6.4	12.0
272	Hoover 'A'	288	-2	15.04	2.0	7.8	9.8
122	Hoskins & H 25p	172	.....	†5.25	2.0	4.6	16.2
25	Howard Tenens	26	.....	1.91	1.9	12.0	6.4
183	Hunting Assoc.	285xc	-25	†2.99	9.2	1.6	10.5
82	Huntleigh 10p	173	-4	†2.39	7.0	2.1	10.5
49	Hutch Whamp HK$	88	-5	†Q21c	2.3	2.7	18.1
17½	Hyman I. & J. 5p	27xc	-1	h0.97	3.9	5.3	7.4
£14½	I.C. Industries	£18	.....	Q$1.52	—	4.3	—
206	I.C.I. £1	437	-15	†7.53	5.4	2.6	7.2
308	Imp. Cont. Gas £1	363	-5	g9.56	3.3	4.1	8.6
22	Ingall Inds. 10p	30xc	.....	1.87	φ	9.3	φ
61	Initial Services	90	-1	t5.06	2.6	8.4	7.0
8	[illegible] 20p	20	.....	†0.61	2.7	4.7	12.0
[illegible]	[illegible]	51½	-1	d2.76	2.8	8.0	5.0
[illegible]	[illegible]	13¼		d1.02	φ	11.4	φ
149	[illegible]	234	-15	[illegible]	2.3	3.2	13.4
23½	[illegible]	31xc		2.22	φ	10.7	φ
10	[illegible]	10		—	—	—	—
76	[illegible]	154	-1½	†3.95	4.0	5.7	4.9
375	Johnson Mtthy £1	460		13.83	3.6	4.5	8.9

INSURANCE—Continued

1978 High	Low	Stock	Price	+ or —	Div Net	Cvr	Y'ld Gr's	P/E
215	157	Matthews Wr 20p	183	+1	†9.33	2.1	7.6	8.6
216	151	Minet Hldgs 20p	176	+1	†3.38	4.3	2.9	10.7
67	47	Moran Chris 20p	55		3.62	1.3	9.8	11.5
272	216	Pearl 5p	226	-2	12.78	—	8.5	—
292	232	Phoenix	238	-2	†10.51	—	6.7	—
144	120	Provident "A"	141	....	†8.29	—	9.0	—
142	120	Do. "B"	142	....	†8.29	—	9.0	—
173	136	Prudential 5p	137xd	-1	†6.75	—	7.4	—
148	125	Refuge 5p	142	-2	8.22	—	8.6	—
425	340	Royal	340	-5	†16.7	—	7.5	—
475	310	Sedg. Forbes 10p	403	-2	†9.74	3.3	3.6	12.9
113	94	Stenhouse	99	-6	†4.11	2.7	6.2	7.6
606	504	Sun Alliance £1	522	-12	†20.46	—	6.0	—
117	91	Sun Life 5p	100	-1	3.48	—	5.3	—
£10	679	Taisho Mar. EDR	888	-8	Q10%	—	0.6	—
180	155	Trade Indemnity	175	....	18.60	—	7.3	—
£31½	£17⅞	Travelers $2.30	£22⅞	-⅞	Q$1.68	—	3.8	—
305	243	Willis Faber	245	-3	†9.14	2.4	5.6	11.1

LEISURE

1978 High	Low	Stock	Price	+ or —	Div Net	Cvr	Y'ld Gr's	P/E
94	69	Anglia TV 'A'	86	-2	†4.24	3.1	7.4	6.6
79½	44½	Assoc. Leisure 5p	72½	-1	†3.07	3.5	6.5	5.5
175	60	Barr & W.A.T. 'A'	160xc	-3	†d3.79	6.6	3.5	5.5
119	88	Black Edgtn. 50p	88	-2	†4.47	1.9	7.8	10.5
212	163	Boosey & Hawkes	173	-2	†5.16	4.6	4.5	7.0
136	98	Campari 20p	98	-2	2.0	9.2	3.1	3.7
129	90	Do. 'B'	96	-2	—	—	—	—
144	93	Coral Leis. 10p	114	-3	M6.6	2.8	8.9	6.5

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GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

1978 High	Low	Stock	Price	+ or —	Div Net	Cvr	Y'ld Gr's
$15¾	$11	Buffels R1	$11⅝	+⅛	Q170c	1.8	16.9
$11¼	880c	East Dríe R1	$10⅝	+⅛	Q78c	1.7	8.9
585c	350c	East Rand Prp. R1	485c	+20	—	—	—
$28⅞	$16⅞	F.S. Geduld 50c	$23⅞	+1⅛	Q315c	φ	15.2
$15⅞	$11	Pres. Brand 50c	$23⅞	-⅛	Q150c	φ	12.9
$13⅞	$10½	St. Helena R1	$11⅛	+⅛	Q190c	φ	19.7
405c	313c	Stilfontein 50c	445c	-25	Q25c	2.3	5.7
$22½	$16⅜	Vaal Reefs 50c	$12¼	+⅛	Q115c	3.3	7.1
$37	$25	West Drie R1	$25¼	-1⅛	Q385c	1.7	14.7
$31¼	$19¼	West Hldgs 50c	$29½	+1¼	Q415c	φ	16.3
$12½	895c	Western Deep R2	$11¼	+⅛	Q82.5c	2.4	8.5

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim, reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ▼ Excluding a final dividend declaration.
- ✧ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 32

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or —
Albany Inv. 20p	26	.....
Ash Spinning	49	.....
Bertam	16	.....
Bdgwtr. Est. 50p	330	.....
Clover Croft	26	.....
Craig & Rose £1	522	.....
Dyson (R. A.) A	57	.....
Ellis & McHdy.	67	.....
Evered	27	.....
Fife Forge	52	.....
Finlay Pkg. 5p	21xc	.....
Graig Ship. £1	140	.....
Higsons Brew	77	.....
I.O.M. Stm. £1	172	.....
Sheff. Refr. Jmt	66	.....
Sindall (Wm.)	112	.....

IRISH

Stock	Price	+ or —
Conv. 9% '80/82	£91⅛	+⅛
Alliance Gas	91xd	-1
Arnott	375	.....
Carroll (P.J.)	98	-2
Clondalkin	89xd	.....
Concrete Prods	130	.....
Heiton (Hldgs.)	49	.....
Ins. Corp.	190	.....

OPTIONS

3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Friday October 27 1978

ISRAELI DECISION MAY THREATEN PEACE NEGOTIATIONS

U.S. anger at West Bank move

BY PATRICK COCKBURN

ISRAEL'S DECISION to expand its West Bank settlements has "deeply disturbed" the U.S., Mr. Cyrus Vance, Secretary of State, said yesterday. U.S. officials are angry at the Israeli move which appears to threaten the resumption of peace negotiations.

President Carter had sought at Camp David to get a moratorium on new or expanded Jewish settlements on the West Bank, and Mr. Vance said that American disquiet at the Israeli Cabinet decision had been communicated to Mr. Menahem Begin, the Israeli Prime Minister.

Israel's negotiating team, led by Mr. Moshe Dayan, Foreign Minister, and Mr. Ezer Weizmann, Defence Minister, has returned to Washington but, in Cairo, President Anwar Sadat is considering recalling the Egyptian delegation for consultations, Mr. Mustapha Khalil, the Prime Minister, said yesterday.

Talk of such a withdrawal by the Egyptians is viewed with some alarm in Washington. Although Mr. Khalil said any such step would be routine, he added that it was prompted by Israeli statements and Mr. Sadat's wish to be briefed on the talks.

Fears of growing Arab hostility to the Camp David accords are likely to be increased by yesterday's decision by Iraq and Syria to end a decade of hostility by signing a "charter for joint national action." The agreement came after three days of talks between Mr. Hafez al-Assad, the Syrian President and Mr. Ahmed Hassan al-Bakr, President of Iraq.

Iraq, which is the second largest Arab oil producer, had previously refused to collaborate with the hardline states led by Syria on the grounds that their opposition to Israel was not sufficiently radical. Yesterday's agreement comes as a direct reaction to the Camp David accords.

A committee composed of leaders from both sides will oversee co-operation between Syria and Iraq while subordinate specialised committees will look after political, military, economic, educational and cultural co-operation. Iraq had previously offered to send part of its armed forces to the Golan Heights front with Israel, and to contribute $1bn to a proposed $9bn fund to help frustrate the Egyptian-Israeli agreements.

The Iraqi-Syrian entente will appreciably strengthen the forces opposing Camp David. Combined with Israel's announcement of expanded settlements on the West Bank, it will make it even more difficult for King Hussein of Jordan to become involved in negotiations on the West Bank. The meeting of all Arab states, except Egypt, in Baghdad on November 2, is also likely to take a more critical stance against Camp David.

More Middle East news, Page 4

Agreement could hit Beecham's U.S. profits

BY SUE CAMERON

FUTURE PROFITS on U.S. drug sales by the Beecham group could be hit by a provisional agreement with the U.S. Government on the pricing and marketing rights of semi-synthetic penicillins—the most important of the company's drugs.

The company was being sued under U.S. anti-trust laws by the Government, local authorities, and purchasers of the drugs. The proposed $3.07m (£1.48m) settlement, which was filed with the American Justice Department this week, will, it is believed force Beecham to cut the price of its semi-synthetic penicillins and will also specifically prevent it making agreements that would stop other companies selling any prescription drug.

The main impact of a settlement on these lines is likely to be on sales of amoxycillin—Beecham's biggest selling drug.

The company refused yesterday to discuss the terms and conditions of the proposed settlement, beyond saying the it still did not admit any of the allegations.

It claimed that the future growth of its U.S. pharmaceutical business would not be held back and added that "the proposed settlement is not connected with U.S. litigation on amoxycillin—the most important of Beecham's semi-synthetic penicillins—where Beecham is suing for infringment of its patents."

However, Beecham cut the U.S. price of amoxycillin by 34 per cent last month—presumably in response to the forthcoming agreement on increased competition in the field.

It is thought the provisional agreement will weaken the company's legal case against Bristol-Myers and other U.S. pharmaceutical concerns over marketing rights for amoxycillin.

Beecham developed semi-synthetic penicillins — chemically modified penicillins which are used as antibiotics—nearly 20 years ago.

The first to be discovered was ampicillin and Beecham drew up a licensing agreement with Bristol-Myers in 1959 for its production. Other semi-synthetic penicillins followed, the latest being amoxycillin which was not put on the market until 1972.

Bristol-Myers has adopted a policy of contesting Beecham's patents and rights under the 1959 agreement and in the U.S. six other companies have also started marketing amoxycillin.

In 1970—before amoxycillin was marketed—Beecham was sued under the U.S. anti-trust laws for overcharging for ampicillin and other semi-synthetic penicillin products and for monopolising the sale of them.

The U.S. Government, 75,000 American wholesalers and retailers and various U.S. cities, states and counties took action against the company and the provisional agrement that has now been drawn up is designed to settle their claims.

Beecham has already agreed to pay the 75,000 purchasers a total of $1.93m. Under the new proposed settlement it will pay the U.S. Government $1m and the states, counties and cities $2.07m.

The payments and the accompanying terms and conditions will have to be finally approved by a U.S. court and third parties have the right to object to them—although it is not expected that there will be any objections. The agreement should become final within the next few months.

Beecham shares closed last night at 660p, down 13p.

Motorola seeks to supply computerised car engine controls

BY MAX WILKINSON

MOTOROLA, the U.S. semiconductor and electronics company, is at an advanced stage of negotiations with several major European car makers for the supply of computerised engine controls.

The only firm deal to be signed so far is with Citroen, which has ordered electronic ignition systems from Motorola. These are simpler than the fully-computerised engine control system which Motorola is developing.

Discussions on the supply of full electronic engine control are believed to be well advanced with Renault of France. Talks are also proceeding with Fiat, Peugeot and BL.

Although at present all these systems are manufactured in the U.S., Motorola expects eventually to make engine control systems at its factory in East Kilbride, Scotland.

Motorola is probably the leading U.S. semiconductor company in the development of electronic engine controls. It has won major development contracts from both Ford and General Motors for systems expected to be introduced in their 1980 model year.

The main advantage of electronic engine controls are expected to be: improved fuel economy, reduced exhaust pollution and greater reliability. The system is used to control the ignition, timing and carburation through a microprocessor or "computer on a chip."

Mr. Martin Cooper, Motorola's vice-president in charge of research, said in London recently that electronic control systems were moving from development into the production phase.

"Within a few years all cars produced in the U.S. will use this new technology and, of course, we expect to see it in European automobiles as well, at which time Motorola engine controls will doubtless be produced at East Kilbride," he said.

Accelerating towards a computerised future, Page 18

THE LEX COLUMN

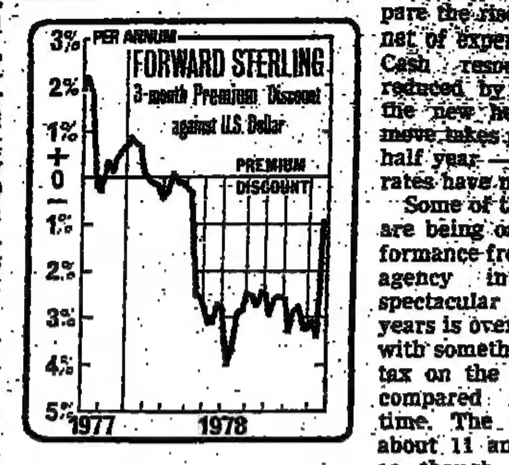
Gold Fields' U.S. financing coup

The U.S. commercial paper market—which is dominated by the giants of U.S. industry—would not be the most obvious place to look for Consolidated Gold Fields' name. However, yesterday marked the first roll-over date for its first ever tranche of U.S. commercial paper and by all accounts it passed off well. The 30-day paper was rolled over at 8.90 per cent on a par with the rate secured by domestic Triple A borrowers such as Texas Utilities and Consolidated Edison.

At the moment the U.S. subsidiary, Gold Fields American Corporation, has only issued $10m worth of paper but this could build up to $30m by the year end and dealers reckon that the market could digest up to $100m of outstanding paper. For Gold Fields the attractions of the U.S. commercial paper are obvious. With prime rates at 10½ per cent it can raise short term finance in the form of commerical paper—a kind of corporate I.O.U.—at just under 9 per cent and on occasions the spread between commercial paper rates and competing bank finance can be as much as two percentage points.

Gold Fields seems to have made a significant breakthrough on a number of counts and its example is likely to be copied. First of all it is nowhere near as big, or as well known, as the likes of ICI and BP and it has the added disadvantage of strong South African connections. However, it appears to be able to raise finance on a par with domestic companies and is not paying the premium of around a quarter of a point which other foreign companies have faced. In addition it has managed to avoid giving additional quarterly information and more important it has not formally guaranteed its paper. Instead it has opted (with Bank of England permission) for a

Index fell 5.3 to 484.4



"buy-back" agreement under which it agrees to purchase its paper at par if its subsidiary cannot redeem it. Very few companies, and certainly none as small as Gold Fields, have been able to avoid giving a guarantee before.

Why then have not more foreign companies followed Gold Fields' example? It might be due to the fact that they are flush with funds at the moment. However, it probably has more to do with the time-consuming chore of securing a prime rating from one of the U.S. credit agencies. Gold Fields reckon that it is worth the trouble.

Minet

An interim profits rise of 16 per cent to £8.4m pre-tax from insurance broker Minet Holdings left the shares 1p better at 176p on a bad day for equities. In trading terms, the group is doing well — its specialist professional indemnity business being a particular strength. But currency factors have cut back the rise in broking income from nearly a third to around a quarter, at £15.7m.

As well as the problem of a declining dollar, Minet is also having to cope with rising costs overseas, which have helped to pare the rise in broking income net of expenses to 14 per cent. Cash resources have been reduced by the investment in the new headquarters — the move takes place in the current half year — and lower interest rates have not helped either.

Some of these adverse factors are being offset by a good performance from the underwriting agency interests. But the spectacular growth of recent years is over for the time being, with something like £16.5m pre-tax on the cards for the year compared with £15.2m last time. The prospective p/e is about 11 and it does not look as though the new dividend cover rules are going to do much for the yield on the current profits outlook.

Sterling rates

The strength of sterling against the dollar on the forward market over the last few days, combined with the continuing high money rates in London, must leave sterling deposit and bill rates looking attractive from across the Atlantic.

The annualised cost of three-month cover in sterling for a dollar holder has slipped from 3 per cent to 1 per cent, well below the differential on Treasury Bills in favour of London. But although there were signs yesterday evening that money was coming in to take advantage of this position, there has been no evidence of very large inflows of currency in recent weeks.

Meanwhile the gilt edged market remains thin and uncertain, and there was fairly widespread selling in equities yesterday, which pushed the FT Industrial Index down by as much as 8.5 points at one stage in the afternoon.

Tory bid to restore unity on pay policy

BY CHRISTIAN TYLER, LABOUR EDITOR

A BID to restore Conservative Party unity on economic policy and collective bargaining was made by Mr. James Prior, shadow Employment Secretary, last night.

In a speech, vetted by Mrs. Margaret Thatcher, leader of the Opposition, Mr. Prior strongly suggested that the views of Mr. Edward Heath, the former leader, were compatible with official party policy.

He mentioned no names, but also suggested that the hard line taken by Sir Keith Joseph, chief policy adviser, which was vociferously endorsed by the Party conference did not mean that Conservatives had given up the idea of setting a national target—but not a fixed limit—for wages.

Mr. Prior, who has been identified with the pro-incomes policy faction, did not repeat his or Mr. Heath's statements that the Government's 5 per cent figure was the right one. But he said the Conservatives would not undermine Mr. Callaghan's pay policy.

Speaking at the Institute of Personnel Management conference in Harrogate, Mr. Prior said the "concerted action" forum for educating the country in what it could afford in wages, was still the basis of Conservative policy.

In apparent reference to Mr. Heath's recent speeches, Mr. Prior said: "Nothing but good can come out of the full discussion of the past few weeks on our attitude to the Government's incomes policy and what a Conservative government will do.

"I believe the differences in emphasis are small, compared with the principles which unites us."

Realistic and responsible bargaining would be encouraged by tax cuts, economies in the public sector to finance them, and targets for monetary growth aimed at falling inflation. "Our objective is a steady fall in the inflation rate, being careful to proceed with our policies at a speed which would not cause hardship, or damage to the economy."

But he added: "We accept that on their own, these policies may not be enough to bring reason to pay bargaining. Therefore a full explanation must be part and parcel of our approach.

"The Government's role must be to seek to reconcile the conflict which lies at the centre of our present system. This is the difference between what may be perfectly rational behaviour for a single negotiating group and what would be rational behaviour for all negotiators if they all negotiated at the same time."

He emphasised the dangers of a high rate being set by one or two groups whose own settlements would not have more than a minimal effect on the rate of inflation.

Politics Today Page 19

Continued from Page 1

Healey

and Sir John Methven, the CBI delegation was given a progress report on the talks with the TUC—which, it is now clear, cannot produce agreement before the Queen's Speech on Wednesday.

They reminded the Chancellor and the three other economics Ministers that return on capital had sunk to 3 per cent, excluding North Sea oil, and warned that a further squeeze would lead to lower recruitment and higher unemployment. And they cast serious doubt on the ability of the TUC to deliver moderate pay settlements if the pay norm was lifted.

The CBI believes that 5 per cent is the right figure for wages, but is urging that it be used flexibly and not imposed as a limit on all negotiations.

The other stand in the CBI's case was that any further concession for the low-paid—who are exempt from Phase Four provided their pay rise does not take them beyond £44.50 for a 40-hour week—would be dangerously inflationary.

Special increases for the low-paid in any business would force up the wages of the better-off, the CBI said.

The Government was urged to drop its sanctions, which the CBI representatives said were doubly demoralising to the managements of companies like Ford Motor who were already hit by strikes against the 5 per cent limit.

Another meeting has been arranged for next Thursday.

Support for a strong TUC lead on wage bargaining as part of a deal with the Government came yesterday from Mr. Terry Duffy, on his first day as president of the Amalgamated Union of Engineering Workers in succession to Mr. Hugh Scanlon.

Mr. Duffy, who is one of the six TUC negotiators, called for national job evaluation, adding: "In some areas there is no need for increases: in others there should be rises well in excess of 5 per cent."

Giving a clue to the TUC-Government talks, Mr. Moss Evans, general secretary of the Transport Workers, said yesterday that the Government's weak Parliamentary position made it unlikely that tougher powers for the Price Commission could be introduced before the next election.

Speaking at a delegate conference of his union in Scotland, Mr. Evans, who is one of the TUC negotiating team, said there would be no discussions about continuation of any pay policy.

But he also said there was a strong possibility that the Government would be "sympathetic" to the needs of the low paid in the non-trading parts of the public sector like local authorities and the health service.

This suggests that vigorous efforts are being made to head off a pay revolt by manual workers in those sectors whose pay negotiations will be the big test of the Government's policy.

Cabinet defers talks on monetary scheme

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE CABINET yesterday deferred until next month a detailed discussion on whether the UK should enter the proposed European Monetary System after hearing a report from Mr. Denis Healey, the Chancellor, outlining the limited progress to date.

After recent meetings of Finance Ministers and last week's Anglo-German summit in Bonn, senior ministers apparently believe it is increasingly unlikely that the proposals will be acceptable to the British.

The Cabinet will probably not take a formal decision until just before the EEC heads of government summit early in December. The main effort now is in trying to ensure that the UK is not isolated from the other member countries. UK officials are seeking to find common ground with other non-members of the European joint float, the snake.

At yesterday's Cabinet meeting, Mr. Healey merely reported on what had happened so far, but the issue may come up again next week. A Cabinet committee has already asked for a report on the implications of the UK not becoming a full participating member of the scheme immediately, while stating its intention to join when domestic inflation prospects permit.

The Cabinet yesterday also completed its main decisions on its medium-term public spending plans so that the White Paper can now come out at about the turn of the year. In particular, a sizeable contingency reserve has been retained, within the limit of 2 per cent on the annual growth of spending, to allow for extra items during the year. The reserve is believed to be at least as large in 1979-80 as the £750m total in the current financial year.

The Government would then have some flexibility on fiscal policy in the next spring Budget, and answer Treasury fears that the reserve might be so small as to remove manoeuvrability.

This may have been made possible because the Cabinet deferred a decision on the introduction of maintenance grants for 16 to 18 year olds in full-time education next September, as proposed by Mrs. Shirley Williams, the Education Secretary. The cost would be more than £100m.

Continued from Page 1

Executives 'better off'

ments for increase responsibility, deferred recruitment and replacement of leavers, making proceeds available for redistribution.

Of the 7,600 executives surveyed by Inbucon, 67 per cent had a company car and 44 per cent had free medical insurance. The number receiving bonuses rose from 33 per cent to 37 per cent—the average size of the bonus being £1,200.

● Executives in Scottish companies have caught up with their counterparts in the rest of Britain in the salaries they earn, the Inbucon survey says.

Seven years ago there was a gap of 11 per cent between average salaries in Scotland and in Britain as a whole. By last year it had narrowed to 3.5 per cent. Now, the differential is slightly the other way. The average Scottish salary is £8,890, compared with the UK figure of £8,870.

The 17th Inbucon Annual Survey of Executive Salaries and Fringe Benefits in the UK. Inbucon Management Consultants, Salary Research Unit, 197 Knightsbridge, London SW7 1RN. Price £60.

	Salary July 1, 1978 Average £	Salary July 1, 1977 Average £	1977-78 Change in: Average %
Managing Directors	16,730	14,484	15.5
General Managers	13,632	11,888	14.7
Company Secretaries	10,197	8,750	16.5
Personnel Executives	8,823	7,588	16.3
Financial Executives	9,080	7,975	13.9
Production Executives	8,635	7,433	16.2
Chief Engineers	7,002	6,107	14.7
Production Controllers	6,371	5,504	15.8
Purchasing Executives	7,060	6,046	16.8
Sales Executives	8,533	7,412	15.1
Export Sales Executive	8,201	7,202	13.9
Marketing Executives	7,990	6,985	14.4
Heads of Data Processing	8,319	7,174	16.0
All Jobs	8,873	7,690	15.4

Weather

UK TODAY

MOSTLY dry and sunny.

London, SE, E Anglia

Cloudy, becoming brighter. Max. 16C (61F).

Cent., S, E, N, NE England, Midlands, Borders, Edinburgh, Dundee, Aberdeen, Moray Firth

Fog patches, sunny intervals developing. Max. 17C (63F).

Channel Is., SW, NW England, Wales

Cloudy. Max. 16C (61F).

Lakes, Is. of Man, SW Scotland, Glasgow, Cent. Highlands

Sunny intervals, rain later. Max. 15C (59F).

NE, NW Scotland, Argyll, Orkney, Shetland, N Ireland

Cloudy, occasional rain. Max. 12C (54F).

Outlook: Dry in the South, some rain elsewhere.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amstrdm.	C	12	54	Luxembrg.	C	12	54
Athens	S	19	66	Madrid	S	19	66
Bahrain	S	30	86	Manchstr.	R	13	55
Barcelona	F	18	64	Melbourne	R	23	73
Beirut	C	22	72	Milan	S	15	59
Belfast	S	15	59	Montreal	R	10	50
Belgrade	R	8	46	Moscow	C	6	43
Berlin	C	8	46	Munich	R	5	41
Birmghm.	C	14	57	Newcastle	R	14	57
Bristol	C	17	67	New York	C	18	65
Brussels	C	12	54	Oslo	S	9	48
Budapest	S	12	54	Paris	C	14	57
B. Aires	R	18	64	Perth	C	19	66
Cairo	S	31	89	Prague	C	17	45
Cardiff	C	16	61	Reykjavik	R	9	48
Chicago	S	8	47	Rio de J'o	S	26	80
Cologne	C	11	52	Rome	F	18	64
Copnhagn.	R	8	46	Singapore	S	30	86
Dublin	F	15	59	Stockholm	F	7	45
Edinbrgh.	C	14	57	Strasbrg.	R	12	54
Frankfurt	C	10	50	Sydney	S	23	73
Geneva	C	13	55	Tel Aviv	C	25	77
Glasgow	C	13	55	Tokyo	C	20	68
Helsinki	S	4	39	Toronto	R	7	47
H. Kong	S	26	80	[illegible]			

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	F	19	66	Jersey	F	16	61
Algiers	S	21	70	Las Plms.	C	23	73
Biarritz	F	14	57	Locarno	C	19	[illegible]
Blackpool	C	13	55	Majorca	F	20	68
Bordeaux	C	17	63	Malaga	S	21	70
Boulogne	R	13	55	Malta	F	21	70
Casablnca.	S	22	72	Nairobi	C	16	61
Cape Town	S	23	74	Naples	F	17	63
Corfu	F	18	64	Nice	C	18	[illegible]
Dubrovnik	C	16	61	Nicosia	F	23	73
Faro	S	23	73	Oporto	S	20	70
Florence	F	18	64	Rhodes	F	16	61
Funchal	C	21	70	Salzburg	R	2	36
Gibraltar	S	20	68	Tangier	S	24	75
Guernsey	F	17	63	Tenerife	F	18	64
[illegible]ruck	R	8	46	Tunis	F	21	70
[illegible]ness	C	14	57	Valencia	F	20	68
[illegible]lan	C	15	59	Venice	F	10	50

[illegible]nny. F—Fair. C—Cloudy. R—Rain.

صورة من الأصل

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